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STATE OF ARIZONA
OFFICE OF THE
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DEPUTY AUDITOR GENERAL

January 30, 2015

The Honorable Judy Burges, Chair
Joint Legislative Audit Committee

The Honorable John Allen, Vice Chair
Joint Legislative Audit Committee

Dear Senator Burges and Representative Allen:

Our Office has recently completed a 24-month followup of the Arizona State Schools for the Deaf and the Blind (ASDB) regarding the implementation status of the 32 audit recommendations (including sub-parts of the recommendations) presented in the performance audit report released in September 2012 (Auditor General Report No. 12-05). As the attached grid indicates:

- 7 have been implemented;
- 15 are in the process of being implemented;
- 6 have not been implemented;
- 3 are not yet applicable; and
- 1 is no longer applicable.

Our Office will conduct a 36-month followup with ASDB on the status of those recommendations that have not yet been fully implemented.

Sincerely,

Dale Chapman, Director
Performance Audit Division

DC:ss
Attachment

cc: Dr. Mark Syms, President
Arizona State Schools for the Deaf and Blind Board of Directors

Dr. Marv Lamer, Interim Superintendent
Arizona State Schools for the Deaf and Blind

Arizona State Schools for the Deaf and the Blind

Auditor General Report No. 12-05

24-Month Follow-Up Report

Recommendation

Status/Additional Explanation

Finding 1: ASDB can do more to promote student success

<p>1.1 To help ensure that children with sensory impairments receive needed services, ASDB should improve its early intervention program by continuing to take the following steps:</p> <ul style="list-style-type: none"> a. Coordinating with other state agencies that are part of the AzEIP program to establish contract early intervention services throughout the State; b. Working with the Arizona Department of Education and the Department of Economic Security to establish guidelines for the use of services provided to children when they transition out of the AzEIP program and into schools; c. Providing staff training to ensure that all staff use a consistent curriculum for early intervention services and that staff accurately reflect delays in starting services in ASDB's database; d. Ensuring that its early intervention program staff have Standards of Practice certifications as required by the AzEIP program; e. Revising the early intervention staff job descriptions to ensure they accurately reflect the services ASDB provides to children and their families; f. Providing more detailed information to the public about resources available through the AzEIP program, as well as descriptions of all the programs provided by ASDB, including early intervention, preschool, and school-age programs through its newly developed Web site; 	<p>Implemented at 12 months</p> <p>Not implemented According to ASDB, it has not developed written guidelines for its staff to follow when transitioning children from the AzEIP program. In addition, ASDB reported that staff follow transition meeting guidelines that the Department of Economic Security and Arizona Department of Education developed; however, ASDB did not provide these guidelines to auditors.</p> <p>Implementation in process ASDB reported that it is in the process of providing training to its staff to help ensure consistent curriculum for early intervention services. In addition, ASDB is in the process of designing a new database for tracking the services provided and dates of service, which should allow it to track any delays in the process. However, ASDB could not provide a timeline for completing and implementing the database.</p> <p>Not yet applicable According to the Department of Economic Security, the agency that developed and provided the Standards of Practice tests, it will no longer conduct testing for the Standards of Practice; instead, three online learning modules will replace the tests and will be required starting in the Spring 2015.</p> <p>Implemented at 12 months</p> <p>Implemented at 24 months</p>
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Recommendation

Status/Additional Explanation

- g. Using other outreach mechanisms, including social networking sites such as Facebook, YouTube, and Twitter, to reach more families who might benefit from its services;
- h. Working with the Arizona Department of Health Services' Early Hearing Detection and Intervention program to develop a new system that will allow ASDB staff access to infant screening records so they can help ensure any child who fails a screening receives appropriate assessments and other services in a timely manner; and
- i. Addressing areas identified in the Department of Economic Security's review of ASDB's compliance with state-wide AzEIP requirements. Specifically, ASDB should:
- Provide accurate and timely monthly service data to the Department of Economic Security;
 - Improve staff data entry practices and establish procedures that will help ensure the accuracy of data in ASDB's database and the monthly service reports that are generated from the database;
 - Ensure that Individualized Family Service Plans contain appropriate and measurable goals as required by the AzEIP program; and
 - Encourage families to complete and return early intervention surveys.

Implemented at 12 months

No longer applicable

Further review of state regulations found that ASDB should not gain access to all infant hearing screening records. Instead ASDB receives the information that it needs through its referral form and uses this information to determine a child's eligibility for services. Therefore, according to ASDB, it does not need access to infant screening records.

Implementation in process

ASDB has successfully completed its corrective action plans for providing timely and accurate monthly service data for all of its regions, except for its southwest region. In addition, ASDB developed draft procedures to guide data entry practices. ASDB also reported that it encourages families to complete a newly developed early intervention survey form. However, ASDB did not provide any documentation to verify that it ensures Individualized Family Service Plans contain appropriate and measurable goals as the AzEIP program requires.

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- 1.2 ASDB should continue to seek opportunities, such as alternative delivery classes, to increase its students' access to highly qualified teachers.

Implemented at 24 months

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- 1.3 ASDB should establish a process for compiling, analyzing, and using information obtained from surveys about its students after graduation to measure student progress, and to identify and implement enhancements to its students' educational programs.

Implementation in process

ASDB has developed a draft post-graduate survey. According to ASDB, in the 2014-2015 school year, it plans to establish and implement a process for compiling, analyzing, and using the information from the survey to measure student progress and to identify and implement enhancements to its students' educational programs.

Recommendation

Status/Additional Explanation

1.4 To narrow the achievement gaps and increase the AIMS passing rate among its students, ASDB should:

- a. Determine the reasons for variations in test scores and identify potential ways to improve test results at the campuses and the regional cooperatives; and
- b. Establish expectations that each campus and regional cooperative will implement best practices to improve test performance.

Implementation in process

According to ASDB, it has determined various reasons for variations in test scores for ASD, ASB, and PDSB, and has also identified and implemented potential ways to improve test results at its campuses. However, documentation was not provided to support this response. In addition, ASDB did not provide specific goals or determinations for variations in test scores for the regional cooperatives.

Implementation in process

ASDB has established student achievement expectations for each of its campuses. However, according to ASDB, there were no specific goals set for each school or cooperative, but each campus was given the direction to develop strategies to address student performance.

Finding 2: ASDB should examine regional cooperative program service fees and strengthen program operations

2.1 To ensure its fees more fully reflect its costs, ASDB should develop a structured approach to evaluate current fees and implement new fees that would cover all costs related to the services provided by the regional cooperatives that are not covered by legislative appropriations, and ensure that specific fees are appropriate for the services. In developing this approach, ASDB should do the following:

- a. Assess the efficiency of its operations to ensure costs are as low as possible and document the results of its assessment. As ASDB assesses the efficiency of its operations, it should continue seeking to minimize costs where possible;
- b. Determine whether to consider costs independently for each regional cooperative or in combination on a state-wide basis, and develop and implement a method for tracking and allocating relevant ASDB costs;

Not implemented

According to ASDB, it will continue to review tuition reimbursements to local schools. However, ASDB did not provide any documentation to support that it had assessed its operations to ensure costs are as low as possible.

Not implemented

According to ASDB, this recommendation was temporarily put on hold while it sought an opinion from its assistant attorney general regarding what services it is authorized to provide. ASDB indicated that it has resolved this question and determined that its costs will be considered in combination on a state-wide basis. However, ASDB did not provide documentation regarding the basis for this decision. Further, ASDB has not developed a method for tracking and allocating relevant ASDB costs.

Recommendation

Status/Additional Explanation

- c. Identify the actual costs for specific fees, including membership fees, fee-for-service costs, and additional supplemental service costs, to help ensure fees are appropriate and equitable. In addition, fees should take into account factors that affect the cost of the specific service; and

- d. Develop and implement policies and procedures for using the method to develop appropriate fees.

Not implemented

Although ASDB has begun to review its membership fees in an effort to standardize them, ASDB has not provided any documentation to support that it had identified actual costs for specific fees to help ensure the fees are appropriate and equitable. Additionally, ASDB did not provide documentation showing it had considered factors that affect the cost of the specific service.

Not yet applicable

This recommendation will not be applicable until ASDB fully implements recommendations 2.1a through 2.1c.

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- 2.2 ASDB should develop a systematic way to determine whether and how much to pay school districts for services the districts provide to students for whom ASDB receives Arizona Department of Education voucher monies.

Implementation in process

ASDB has determined multiple ways to pay school districts for services provided to students for whom ASDB receives Arizona Department of Education voucher monies; however, according to ASDB, it has not yet determined which one of these methods it will implement.

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- 2.3 ASDB should provide more oversight to ensure that advisory councils play an appropriate role in the regional cooperative program by:

- a. Modifying its policy to remove the provision that advisory councils will recommend a fee structure;

- b. Determining and implementing the appropriate structure for the advisory councils, such as a single state-wide advisory council composed of participating school district representatives and parents and representatives of local private service organizations, or regional advisory councils that include parents and local private service organization representatives; and

Implemented at 24 months

Implementation in process

ASDB has developed draft policies that require regional advisory councils to be comprised of superintendents, special education coordinators/directors, parents of students served by the respective regional cooperative, and others having an educational interest in the programs and services provided through the regional cooperative. In addition, the new policy requires the regional advisory councils to hold at least two meetings annually. Further, ASDB reported that it also plans to hold an annual state-wide meeting at the beginning of each school year. However, ASDB did not provide any information regarding the members who would attend the annual state-wide meeting and did not provide documentation of the current advisory council members to verify it has implemented its new policy.

- c. Ensuring that its councils adhere to the advisory role and responsibilities outlined in ASDB policy.

Not yet applicable

This recommendation will not be applicable until ASDB fully implements recommendation 2.3b.

Recommendation

Status/Additional Explanation

2.4 ASDB should establish a single, consistent system for managing and tracking regional cooperative resources by:

a. Expanding the use of ASDB's in-house computer program for tracking and managing birth-to-3 program educational services, once the program has been developed and tested, to track and manage educational services provided to students in the regional cooperatives; and

b. Using ASDB's inventory system for on-campus assets to track and manage the inventory of equipment provided to students in the regional cooperatives.

Implementation in process

According to ASDB, although it originally planned to implement this recommendation, it has since determined it no longer has a need for an agency-wide computer system to track/manage birth-to-3 program educational services and the cost to develop such a system would be impractical. Instead, ASDB reported that it is in the process of implementing this recommendation in a different way. Specifically, according to ASDB, each regional director or campus principal tracks the services that are needed and provided at each location. In addition, ASDB has developed a spreadsheet to calculate how many hours each service provider, such as a teacher, is able to provide, which helps the regional director or campus principal consistently track the service hours available against the service hours needed to help ensure that educational services are allocated appropriately. Auditors will follow up at 36 months to review this alternate tracking method.

Implemented at 24 months

Finding 3: ASDB needs to improve its information technology practices

3.1 To strengthen IT security controls, ASDB should:

a. Identify and implement controls to adequately protect its network and to maintain the security of the systems, applications, and data residing on the network;

Implementation in process

ASDB has developed several policies and procedures regarding IT security controls and has made efforts to improve its network security. Specifically, it has replaced all of its oldest wireless access points and has updated encryption on its other wireless access points. In addition, ASDB reported that it plans to continue improving its IT security controls by increasing and/or improving its network and system protection measures, application security measures, and overall data protection.

Recommendation

Status/Additional Explanation

- b. Develop and implement a documented risk-assessment process that:
- Requires regular assessments;
 - Consists of a structured methodology for assessing risks;
 - Documents results and potential impacts of risks;
 - Uses results to make changes to the security program; and
 - Reports results to information and system owners and management.
- c. Develop and implement log management policies and procedures. These procedures should ensure that all important system, application, and security-related events be defined and recorded in logs, stored centrally, protected against unauthorized change, and analyzed on a regular basis; and
- d. Develop and implement a systematic, accountable, and documented process for managing exposure to vulnerabilities through the timely deployment of hardware and software patches and updates.

Implementation in process

ASDB has developed and formalized policies and procedures to conduct regular vulnerability assessments, but has not yet developed a plan to regularly conduct comprehensive IT risk assessments to address all aspects of IT risk management. In addition, ASDB has collaborated with the Arizona Department of Administration's Arizona Strategic Enterprise Technology office to help perform additional security assessments annually.

Implementation in process

ASDB has developed policies and procedures that address important log management functions. Additionally, according to ASDB, it purchased and implemented software that will allow it to automate and analyze critical system event notifications, such as log-in failures. However, ASDB has not yet created a process to analyze these activities on a regular basis, and there are no procedures to ensure logs are protected against unauthorized changes.

Implementation in process

ASDB has successfully implemented Windows Server Update Services on its network to update the system. However, ASDB has not implemented this same recommendation for its Macintosh computers. ASDB stated that it has reviewed many solutions and narrowed them down to a few that meet its needs, but has not yet acquired the funding needed to purchase one of the solutions.

3.2 To address disaster recovery planning deficiencies, ASDB should:

- a. Develop and implement a comprehensive disaster recovery plan, which encompasses all system and infrastructure components for which it is responsible, and addresses important elements such as regulatory and contractual requirements, the agency's overall business continuity needs, IT resource management requirements and independencies, an analysis of business impacts, risk assessments, emergency procedures, testing, and ongoing maintenance of its disaster recovery efforts; and

Not implemented

ASDB has not yet developed a comprehensive disaster recovery plan or formal policies or procedures that would support that plan. According to ASDB, it has recently started undergoing some major network changes and has decided to put the development of its disaster recovery plan on hold until it completes these changes and can include them in the plan.

Recommendation

Status/Additional Explanation

- b. Develop and implement formal policies and procedures that support the disaster recovery plan and that:
- Clearly define specific roles and responsibilities, identify and rank systems based on criticality, and define the order in which systems should be recovered;
 - Require that the plan be readily accessible and also located off-site, in both physical and digital form, so disaster recovery team members are able to access the plan when needed; and
 - Require that the plan be tested on a regular basis using realistic scenarios, as defined in the plan, and document and make modifications when necessary to correct any problems identified through testing.

Not implemented

See explanation for recommendation 3.2a.

3.3 To improve data backup, ASDB should:

- a. Develop a formal, consolidated, and comprehensive backup strategy, process, and set of procedures. Its policies and procedures should include information on:
- The extent, timing, and frequency with which data will be backed up, as determined by the agency, based on the criticality of the data to its business processes;
 - Periodically testing its backup data for successful recovery. Any deficiencies identified by the test should be documented and mitigated;
 - Determining its data security and encryption requirements for backed-up data and deploying the appropriate security or encryption methods to it; and
 - Storing a copy of its backed-up data off-site and rotating or updating this data on a periodic basis. Access to this data should be limited to only authorized users.

Implementation in process

ASDB has developed a process for data backups including a draft policy. Specifically, ASDB has used software to help automate its backup process to run a backup on a set monthly, weekly, and daily schedule. In addition, ASDB stated that it has begun storing backup data offsite. However, the agency is not yet encrypting its backup data and reported it will review its backup policies and procedures upon completing its network changes.

- 3.4 ASDB should develop a formal data classification policy and process in line with IT standards and best practices. Specifically, it should ensure this process be based on risks and requirements, such as confidentiality and sensitivity of the information; consist of an inventory of information classification details that includes assigned classification, identity of the information owner, and a brief description of information classified; and that it is communicated to all affected parties, and reviewed and updated regularly.

Implementation in process

ASDB has developed a draft data classification policy to classify its critical data and a draft information access control standard to help protect its data from unauthorized access. However, the draft data classification policy has not been finalized, does not contain information about regular reviews and updates, and has not yet been implemented and communicated to staff. Additionally, according to ASDB, it has implemented software that identifies and tracks critical changes to classified data. However, it has not regularly used this software to help identify, classify, and secure sensitive data on its network.

Sunset Factor 12: The extent to which ASDB has used private contractors in the performance of its duties as compared to other states and how more effective use of private contractors could be accomplished. ASDB should examine regional cooperative program service fees and strengthen program operations

1. To help ensure that expenditures are adequately controlled and to comply with state procurement laws, ASDB should establish a written contract prior to the purchase and/or use of services that is in accordance with the appropriate competition thresholds.

Implementation in process

ASDB entered into a written contract, which the Arizona Department of Administration, State Procurement Office procured, prior to the purchase and use of services. However, ASDB did not provide any documentation of contracts ASDB directly procured to ensure that services were not provided until after the contract was in place. Therefore, auditors will follow up at 36 months to review some ASDB-procured contracts.