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**AUDITOR GENERAL**

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DEPUTY AUDITOR GENERAL

March 3, 2016

The Honorable John Allen, Chair  
Joint Legislative Audit Committee

The Honorable Judy Burges, Vice Chair  
Joint Legislative Audit Committee

Dear Representative Allen and Senator Burges:

Our Office has recently completed a 42-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:

- 21 have been implemented;
- 4 are partially implemented;
- 5 are in the process of being implemented; and
- 2 are no longer applicable.

Unless otherwise directed by the Joint Legislative Audit Committee, this concludes our follow-up work on the ASDB's efforts to implement the recommendations from the September 2012 report.

Sincerely,

Dale Chapman, Director  
Performance Audit Division

DC:kf  
Attachment

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

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

# Arizona State Schools for the Deaf and the Blind

## Auditor General Report No. 12-05

### 42-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>   |   |
| <p>a. Coordinating with other state agencies that are part of the AzEIP program to establish contract early intervention services throughout the State;</p>   | <p><b>Implemented at 12 months</b></p>  |
| <p>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;</p>   | <p><b>Implemented at 42 months</b></p>  |
| <p>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;</p>   | <p><b>Implemented at 42 months</b></p>  |
| <p>d. Ensuring that its early intervention program staff have Standards of Practice certifications as required by the AzEIP program;</p>  | <p><b>No longer applicable</b><br/>According to the Department of Economic Security (DES), the agency that developed and provided the Standards of Practice certification tests, it no longer requires the Standards of Practice certifications and is developing three new learning modules to replace this certification. DES expects to implement the first of these modules in June 2016. However, the first module will not apply to ASDB staff, and it is unknown when the remaining two new modules will be implemented.</p> |
| <p>e. Revising the early intervention staff job descriptions to ensure they accurately reflect the services ASDB provides to children and their families;</p>   | <p><b>Implemented at 12 months</b></p>  |
| <p>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> | <p><b>Implemented at 24 months</b></p>  |
| <p>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;</p>  | <p><b>Implemented at 12 months</b></p>  |

## Recommendation

## Status/Additional Explanation

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

### **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.

i. Addressing areas identified in the Department of Economic Security's review of ASDB's compliance with state-wide AzEIP requirements. Specifically, ASDB should:

### **Implemented at 42 months**

- 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.

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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.

### **Partially implemented at 42 months**

ASDB has developed a new post-graduate survey that it used for the first time at the end of the 2014/2015 school year. ASDB reported that it plans to continue to use the survey at the end of the 2015/2016 school year. Although it has not yet begun to analyze the information collected, ASDB reported that it plans to do so starting in June 2016.

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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

### **Implemented at 42 months**

b. Establish expectations that each campus and regional cooperative will implement best practices to improve test performance.

### **Implemented at 42 months**

**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;
- 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.

**Implemented at 42 months**

**Implemented at 42 months**

**Partially implemented at 42 months**

ASDB has taken several steps to review and standardize some of its regional cooperative fees. Specifically, ASDB has standardized the fees for regional cooperative membership fees, voucher reimbursements, and fees for services. However, it is still unclear how some fees, such as the fee for services amounts, were established and, more importantly, whether these fees cover the costs of the services provided. ASDB also has not been able to provide documentation for any of its fees that ties the actual costs of the services back to the fee amounts to show that the fees cover the costs of the service.

**Partially implemented at 42 months**

ASDB has developed a draft policy regarding the factors to consider in developing its fees. This policy states that actual costs of services should be considered when establishing fees and that input regarding proposed fees will be sought from regional advisory councils. The Superintendent has not yet reviewed or approved the policy. In addition, the policy does not include specific procedures regarding how to establish the fees.

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.

**Implemented at 42 months**

## Recommendation

## Status/Additional Explanation

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

**Implemented at 24 months**

**Implemented at 42 months**

ASDB has chosen to retain regional advisory councils instead of one state-wide council and has reflected this decision in its policies. In addition, ASDB has changed the organization of these advisory councils. Instead of formally structured councils with appointed members, ASDB now holds public meetings and reported that it invites those interested in attending, such as parents and district or regional representatives, to share their input at these meetings.

**Implemented at 42 months**

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.

**Partially implemented at 42 months**

ASDB has determined it no longer has a need for an agency-wide computer system to track/manage birth-to-3 program educational services and that the cost to develop such a system would be impractical. Instead, each ASDB region has developed a spreadsheet that calculates how many hours each service provider, such as a teacher, is able to provide, which helps the regional director or campus principal assess the service hours available against the service hours needed to help allocate available educational services. However, ASDB has not developed a systematic way to track and share these resources across all regions.

**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;

**Implemented at 42 months**

## 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 policies and procedures for conducting 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.

### Implemented at 42 months

### Implemented at 42 months

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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 interdependencies, an analysis of business impacts, risk assessments, emergency procedures, testing, and ongoing maintenance of its disaster recovery efforts; and

### Implementation in process

ASDB has formalized a disaster recovery plan that 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, and IT resource management requirements and interdependencies. However, ASDB has yet to update the plan to include an analysis of business impacts, risk assessments, emergency procedures, testing, and ongoing maintenance of the disaster recovery efforts. According to ASDB, it will update the plan during the summer of 2016 and/or when critical changes occur.

## 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.

### Implementation in process

ASDB has created a disaster recovery plan that defines critical systems that need to be recovered. However, the plan does not clearly define specific roles and responsibilities, rank systems based on criticality, and define the order in which systems should be recovered. The plan also does not require that ASDB locate the plan off-site so recovery team members are able to access the plan when needed, nor does it require testing on a regular basis. According to ASDB, it will update the plan during the summer of 2016 and/or when critical changes occur.

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.

**Implemented at 42 months**

## Recommendation

## Status/Additional Explanation

- 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 data classification procedure to classify critical data and an information access control standard to help protect its data from unauthorized access. ASDB has also utilized data classification software to inventory all systems. However, a classification of all data, the information owner, and a brief description of what is classified has not yet been performed. ASDB reported that it will continue improving the data classification process to ensure it identifies all critical data.

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### **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

Although ASDB obtained services without a contract in fiscal years 2014 and 2015 from the same vendor it was using without a contract during the audit, ASDB has a contract with this vendor for fiscal year 2016. However, when this contract terminates on June 30, 2016, ASDB will need to ensure it has a new contract or a contract extension if it continues to obtain services from this vendor.