

The August 2021 Arizona State Board of Barbers performance audit and sunset review found that the Board licensed applicants without ensuring they met all requirements, did not annually inspect all barber shops and schools and consider potential disciplinary actions for inspection violations, and did not timely open and investigate some complaints and accurately document complaint outcomes. Effective January 1, 2022, Laws 2021, Ch. 334, consolidated the Arizona State Board of Barbers with the Arizona State Board of Cosmetology, and renamed the consolidated agency the Arizona Barbering and Cosmetology Board (Board). As a result of this consolidation, the new Board is responsible for addressing the 23 recommendations we made in the 2021 performance audit and sunset review, and the Board’s status in implementing the recommendations is as follows:

Status of 23 recommendations

Implemented	5
Implemented in a different manner	1
Partially implemented	1
In process	13
Not implemented	3

We will follow up with the Board on the status of the recommendations from the August 2021 report that it has not implemented during the Board’s next sunset review, which we initiated in December 2024 and is statutorily required to be completed by October 1, 2025.

Sunset Factor 2: The extent to which the Board has met its statutory objective and purpose and the efficiency with which it has operated.

1. The Board should develop and implement license application review and approval policies and procedures, ensuring they include procedures for obtaining required documentation to verify that applicants meet all statute and rule requirements for all license types.

Implementation in process—Although the Board has developed license application review and approval policies and procedures that include requirements for obtaining documentation to verify applicants for initial barber instructor, barber establishment, and barbering school licenses meet all statute and rule requirements, it has not established similar policies and procedures for initial personal barber license applications and for license renewals. Absent comprehensive policies and procedures for reviewing and approving all initial and renewal license applications, the Board is at risk for approving unqualified applicants for some licenses it issues. Additionally, effective May 2024, the Board revised several of its rules to include new requirements and time frames for some licenses, such as adding a requirement for an individual to work as a licensed barber for 1 year to qualify for a barber instructor license, changing the time frame for applicants to disclose a previously revoked license, and revising its license review and approval time frames for all initial and renewal licenses. The Board reported that, as of September 2024, it was in the process of working with its software vendor to update its online license application process to reflect these changes. The Board estimated it will complete the update to its online license application process and develop and update its policies and procedures by March 31, 2025. We will continue to assess the Board’s implementation of this recommendation during its next sunset review, which we initiated in December 2024.

2. The Board should review and modify its license applications to require applicants to submit documentation demonstrating they meet all statute and rule requirements for licensure.

Implementation in process—As explained in recommendation 1, the Board has updated its rules for all barbering initial and renewal licenses and reported it is in the process of working with its software vendor to update its online license application process to reflect its revised rules. Although the Board has not yet modified its license applications to include requirements for license applicants to submit information/documentation demonstrating they meet all statutory and rule requirements, our review of 4 completed license applications for 3 different types of barbering licenses the Board received and processed between July and August 2024 found that the applicants submitted all required information/documentation.¹ However, despite our requests, the Board did not provide for our review 4 other types of license applications. Without these applications, we were unable to assess whether those applications require applicants to submit documentation demonstrating they meet all statute and rule requirements for licensure. We will continue to assess the Board's implementation of this recommendation during its next sunset review, which we initiated in December 2024.

3. The Board should develop and implement a risk-based inspection approach to focus its staff resources on high-risk establishments. This should include identifying relevant risk factors, such as complaint allegations, historical violations, or the date of last inspection to help identify and select high-risk establishments for inspection. The Board should also develop procedures for selecting establishments for inspection in accordance with these risk factors, including the extent to which both high-risk and a random sample of low-risk establishments should be selected for inspection.

Implementation in process—The Board has developed an inspection policy that requires re-inspections of licensed establishments within 3 weeks after an inspection that identifies the following:

- Board staff determined during the inspection that the public's health and safety may be in jeopardy.
- The inspection identified multiple severe sanitation violations.
- During an inspection performed as part of a complaint investigation, Board staff substantiated sanitation violations for complaint allegations related to an infection.

However, the Board's inspection policy does not include other risk factors, such as historical violations, date of the last inspection, or other types of complaint allegations, to identify high-risk establishments for routine or unscheduled inspections or any procedures for randomly selecting establishments for inspection. Instead, the Board's inspection policy indicates that licensed establishments may be inspected at least once every 2 years. Based on this policy, the Board's inspection staff independently determine on a daily basis which licensed establishments within the inspector's assigned inspection territory they will conduct routine inspections, while staff supervisors are responsible for assigning inspectors to conduct re-inspections. The Board also reported that it will begin using an automated system by the end of fiscal year 2025 that will create a routine inspection schedule and automatically assign inspectors to establishments according to this schedule to help ensure it inspects establishments every 2 years. The Board further reported it will be able to adjust the next planned inspection date for any establishment for which a reinspection has been ordered. We will continue to assess the Board's implementation of this recommendation, including whether its inspection approach helps ensure that its limited inspection resources are appropriately focused on licensed establishments needing inspections, including high-risk establishments, during its next sunset review, which we initiated in December 2024.

4. The Board should modify its rules to no longer require annual inspections of all licensed barber establishments.

Implemented at 36 months—Effective May 2024, the Board revised its rules to state that Board inspectors may inspect licensed barber establishments at least once every 2 years. Although not required by its administrative rules to do so, the Board reported that it plans to inspect every licensed establishment at least once every 2 years (see Recommendation 3 for more information).

¹ We observed the Board's process for reviewing 2 personal license by examination initial applications, 1 instructor by examination initial license application, and 1 barber establishment initial license application.

5. The Board should develop and implement inspection policies and procedures for tracking and monitoring inspections and imposing disciplinary action against licensees to address statutory and rule violations identified during inspections.

Implementation in process—The Board has developed a policy and procedure for tracking completed inspections and the disciplinary action the Board takes against licensees to address statutory and rule violations identified during inspections. According to the Board's procedure, if an inspection identifies statutory and/or rule violations, Board staff are required to open a complaint and then schedule the complaint and recommended disciplinary action for Board review at a public Board meeting. The policy states that the Board should then either accept Board staff's recommended disciplinary action or take other disciplinary or nondisciplinary actions. Additionally, the Board tracks disciplinary actions taken against licensees to address statutory and rule violations identified during inspections on its complaint log, consistent with the Board's procedure (see Recommendation 17 for more information on the Board's complaint log). According to the Board's inspection log, 246 establishments had violations between January and July 2024. Of these 246 establishments, the Board reviewed and resolved 152 of the associated inspection-related complaints by either dismissing the complaint or taking nondisciplinary or disciplinary action.

However, Board policy does not specify a time frame for the Board to consider and resolve complaints Board staff open in response to statutory or rule violations identified during inspections, which likely contributed to some inspection violations being untimely reviewed and addressed. For example, 3 of 94 inspection-related complaints resulting from inspections conducted between January and July 2024 had been open and awaiting Board review for more than 180 days, as of September 2024, which is the time frame we recommend that regulatory agencies investigate and resolve complaints and any associated violations. Additionally, our review of a random sample of 8 of 246 inspection-related complaints found that the Board resolved 4 of the complaints within 180 days and 1 complaint in 198 days from the inspection date.^{2,3} As of September 2024, the remaining 3 inspection-related complaints had been open for 42, 112, and 147 days, respectively, and were pending Board review and determination of any nondisciplinary or disciplinary action. Absent time frames for resolving inspection-related complaints, the Board potentially puts the public at risk by not timely addressing identified statutory or rule violations and may cause undue burden for licensees under investigation for lengthy periods of time.

Finally, the Board has not developed a policy or procedure for monitoring inspections and ensuring statutory and rule violations identified during inspections are timely referred to the Board for review and potential disciplinary action. Absent such a policy or procedure, the Board cannot ensure that inspections are timely and appropriately conducted and that any resulting statutory and rule violations are timely forwarded to the Board for review. We will continue to assess the Board's implementation of this recommendation during its next performance audit and sunset review, which we initiated in December 2024.

6. The Board should work with its Assistant Attorney General to determine whether it should review and consider potential disciplinary actions for calendar year 2020 inspection violations that its staff did not present to it for review.

Implemented in a different manner at 36 months—The Board determined that it would not take disciplinary actions for the calendar year 2020 inspection violations and instead reported that these violations have been noted on the licensed establishments' records. The Board further reported this information will be available to the Board when considering any potential nondisciplinary or disciplinary action for the licensee in the future and will also be available to the public upon request.

² The random sample included 7 of 234 inspection-related complaints where the Board determined that the statutory and/or rule violations were within its jurisdiction and 1 of 12 inspection-related complaints where the Board determined that the statutory and/or rule violations were not within its jurisdiction.

³ The Board imposed civil penalties to address 4 of these complaints and a disciplinary letter of concern to address 1 complaint.

7. The Board should revise its inspection form to include all statutory and rule requirements that should be assessed during inspections and specific guidance for how Board staff should assess compliance with these statutory and rule requirements during both licensed barber shop and barber school inspections.

Not implemented—Although the Board has revised its inspection form, the revised form does not include all statutory and rule requirements that should be assessed during inspections. For example, the Board’s form does not include assessing compliance with rules regarding a licensee’s personal cleanliness. Additionally, for some rule requirements included on the inspection form, the form lacks specific guidance directing inspectors how to assess licensee compliance with the rule. For example, the Board’s form requires its staff to inspect for ventilation; however, it does not specify how inspectors should assess compliance with this rule requirement.⁴ Without necessary guidance specified on the inspection form, Board inspectors—especially new or inexperienced inspectors—may not properly assess compliance with statutory and rule requirements. We will continue to assess the Board’s implementation of this recommendation during its next sunset review, which we initiated in December 2024.

8. The Board should develop and implement policies and procedures for periodically reviewing the appropriateness of its fees by analyzing the costs of its regulatory processes, comparing these costs to the associated fees, determining the appropriate licensing fees, and then revising its fees as needed.

Implementation in process—The Board has developed a policy for periodically reviewing the appropriateness of its fees that requires Board staff to analyze the actual costs of its regulatory processes at the end of each fiscal year—starting with fiscal year 2024, compare these costs to the Board’s associated fees, and present their findings to the Board to determine whether its fees should be revised. Despite its policy, the Board did not perform this analysis in fiscal year 2024. The Board reported that it did not conduct the fee analysis because Laws 2024, Ch. 222, §55, does not allow the Board to adopt a license fee increase in fiscal years 2025 or 2026 without submitting an emergency request to the Governor’s Regulatory Review Council for approval to do so.

Laws 2024, Ch. 250, §8, increased initial and renewal barbering license application fees by \$17 to \$400 to match the fees for the corresponding cosmetology licenses. However, as previously mentioned, the Board did not perform a fee analysis supporting this fee increase. The Board reported that it plans to conduct a fee analysis in the future but did not provide an expected time frame for doing so and did not provide documentation of the methods it plans to use to conduct an analysis. For example, the Board’s policy references a regulatory cost analysis tool the Board plans to use to calculate its costs for reviewing license applications and issuing licenses, but despite our requests, it did not provide the tool for our review. We will continue to assess the Board’s implementation of this recommendation during its next sunset review, which we initiated in December 2024.

9. The Board should develop and implement cash-handling policies and procedures that adhere to SAAM requirements, including:

- a. Opening mail with at least 2 Board staff present.

Implementation in process—The Board has developed a policy that requires 2 Board staff to be present when opening the mail and completing the mail log, and in March 2024, we observed 2 Board staff opening the mail and completing the mail log. However, our review of 2 of 3 mail logs for cash received between July and August 2024 did not include signatures from 2 Board staff, contrary to SAAM requirements and the Board’s policy.⁵ Specifically, 1 mail log had 1 Board staff member’s signature and the other mail log did not include any Board staff member’s signatures. Further, the Board reported that both staff members who opened the mail and signed the mail logs have access to the Board’s licensing database, contrary to SAAM requirements.⁶ We will continue to assess the Board’s implementation of this recommendation during its next sunset review, which we initiated in December 2024.

⁴ Rule R4-10-112(T)(6) states “the establishment has natural or mechanical ventilation and an air filtration system that provides free flow of air to each room, prevents the build-up of emissions and particulates, keeps odors and diffusions from chemicals and solutions at a safe level, and provides sufficient air circulation and oxygen.”

⁵ SAAM 20.10.11 states that the daily mail log should be signed by both employees present when the mail is opened.

⁶ SAAM 20.10.22 states that a person whose responsibility includes the receipt of cash must not have the authority to sign checks or otherwise authorize the disbursement of monies, make bank deposits, reconcile bank accounts, or access accounting records (including records relating to the issuance or renewal of licenses) other than cash receipts.

- b. Separating the duties of logging cash receipts from licensing functions and preparing cash deposits.
Not implemented—Although the Board’s cash-handling policy states that “appropriate segregation of duties must be the first priority of an agency when handling cash receipts, disbursements, and related record-keeping functions,” the Board has not established any procedures for segregating duties nor does it adhere to SAAM’s segregation of duties requirements. Specifically, 1 employee with access to the Board’s licensing database is the primary Board staff member responsible for receiving mail, signing the mail log, reviewing cash receipts, and preparing cash deposits. Further, although the Board requires a second staff member to be present for some of these steps, as reported in Recommendation 9a, this staff member also has licensing database access. We will assess the Board’s implementation of this recommendation during its next sunset review, which we plan to initiate by the end of calendar year 2024.
- c. Limiting the number of Board staff who have access to the safe.
Implementation in process—The Board has developed a cash-handling policy that specifies the following 4 Board staff positions may have access to the safe: an individual from the compliance department, the cosmetology licensing department, the barbering license department, and the accounting department.⁷ However, inconsistent with this policy, as of August 2024, 3 of 24 staff members composed of the Board’s office manager, compliance administrator, and licensing specialist have access to the safe. Further, the policy states that all locks and safe combinations are changed in the event of staff departures or reassignments, in accordance with SAAM requirements. In March 2024, the Board reported that an employee with access to the safe resigned their position with the Board, but the Board had not changed the safe combination because the safe was inaccessible due to a malfunctioning lock. Although the Board reported that its staff completed daily deposits of all cash received during the time the safe was inaccessible, it did not have a secure location for safeguarding the cash between deposits. The Board further reported it changed the safe combination in August 2024 after completing repairs to the safe. We will assess the Board’s implementation of this recommendation during its next sunset review, which we initiated in December 2024.
- d. Reconciling cash receipts to the number of licenses issued.
Not implemented—The Board’s cash-handling policy requires cash receipts to be reconciled to the number of licenses issued. However, in July 2024, the Board reported it does not have a process for or perform a monthly reconciliation of cash receipts to the number of licenses issued. The Board further reported that it plans to develop and implement such a process but did not provide an expected date for doing so. Without this process, the Board cannot verify whether it has received and deposited the appropriate amount of cash for licenses it issues and may lack the information it needs to ensure all cash received has been deposited. We will assess the Board’s implementation of this recommendation during its next sunset review, which we initiated in December 2024.

Sunset Factor 3: The extent to which the Board serves the entire State rather than specific interests.

- 10. The Board should develop and implement written policies and procedures to help ensure it complies with statutory conflict-of-interest requirements and recommended practices, including:
 - a. Ensuring all Board members and staff complete an annual conflict-of-interest disclosure form, including having members and staff affirm if no conflict-of-interest exists.
Implementation in process—The Board has developed a policy and procedures that require Board members and staff to complete a conflict-of-interest disclosure form. However, although the Board’s disclosure form is titled “Annual Conflict-of-Interest Disclosure Form,” the Board’s policy does not specifically

⁷ SAAM 20.10.6 states that access to combinations to safes and keys to equipment in which cash may be secured must be limited to as few employees as operationally practicable.

require a disclosure form to be completed annually. Our review of Board-provided documentation found that all Board members and staff completed the conflict-of-interest disclosure form in calendar 2024 and, where applicable, affirmed that no conflict-of-interest existed. Because the Board's policy does not include a requirement for Board members and staff to annually complete a conflict-of-interest disclosure form, we will continue to assess the Board's implementation of this recommendation during its next sunset review, which we initiated in December 2024.

- b. Maintaining all substantial interest disclosures in a special file.

Implemented at 36 months—The Board has developed a conflict-of-interest policy and procedures that requires board members and staff to complete a conflict-of-interest disclosure form (see explanation for Recommendation 10a for more information), and the disclosure form references the statutory requirement that substantial interest disclosures should be maintained in a special file. Additionally, the Board's policy requires board members and staff with a substantial interest in any matter pending before the Board to sign a recusal disclosure form, and the Board's procedures require these recusal disclosure forms to be maintained in its special file. Our review of the Board's special file as of March 2024 found the special file included conflict-of-interest forms completed by all Board members and staff in calendar year 2024. Additionally, our review of Board meeting minutes for 8 meetings held in calendar years 2023 and 2024 identified 1 Board member recusal and found that the related recusal form with the disclosed substantial interest and the Board meeting minutes were stored in its special file.

- c. Establishing a process to review and remediate disclosed conflicts.

Partially implemented at 36 months—Although the Board has developed a policy and procedures for addressing Board member recusals, it has not developed written policies and/or procedures outlining a process for reviewing and remediating disclosed conflicts by its staff. For example, as explained in Recommendation 10b, a Board member declared a conflict of interest pertaining to an agenda item, recused themselves from participating in the agenda item, and later signed a recusal form in accordance with the Board's procedures. The Board placed both the recusal form and corresponding Board meeting minutes in its special file. Finally, although it lacks a written policy and procedure, our review of completed conflict-of-interest disclosure forms found the Board reviewed and remediated conflicts disclosed by 2 employees by not assigning them to any inspections related to the conflicts disclosed. The Board included these employees' disclosure forms in its special file.

- 11. The Board should develop and provide periodic training on statutory conflict-of-interest requirements and recommended practices, its conflict-of-interest process, and form to all Board members and staff.

Implementation in process—Although the Board's policies do not require periodic conflict-of-interest training to be provided, the Board held a conflict-of-interest training in January 2024 for Board members regarding statutory conflict-of-interest requirements and recommended practices, specifically focusing on the process for Board members to recuse themselves from participating in Board meeting agenda items for which they have disclosed a conflict. The Board did not provide this training to its staff but reported providing staff with its conflict-of-interest policy. The Board further reported that it will conduct an annual conflict-of-interest training each January for its Board members and staff. We will continue to assess the Board's implementation of this recommendation during its next sunset review, which we initiated in December 2024.

Sunset Factor 4: The extent to which rules adopted by the Board are consistent with the legislative mandate.

- 12. The Board should revise and/or adopt the rules it deems necessary as part of its consolidation with the Arizona State Board of Cosmetology.

Implemented at 36 months—Effective May 2024, the Board revised its rules to reflect the consolidation of the Arizona State Board of Barbers with the Arizona State Board of Cosmetology. As part of these rule revisions,

the Board consolidated some rules, including those related to obtaining or reactivating a personal license, establishment license, and school license.

13. The Board should revise its rules to clarify its application time frames, including how long barber and instructor applicants have to take the required examinations and at which point applications should be considered denied or closed when applicants have not completed all license requirements or submitted all required documentation.

Implemented at 36 months—Effective May 2024, the Board revised its rules to clarify its application time frames, including requiring an applicant to supply all necessary information within 90 days from the application submission date or the Board will consider the application withdrawn and closed.⁸

Sunset Factor 5: The extent to which the Board has encouraged input from the public before adopting its rules and the extent to which it has informed the public as to its actions and their expected impact on the public.

14. The Board should comply with all open meeting law requirements by:

- Ensuring its meeting minutes accurately reflect Board member actions.
- Modifying the statement on its website to include where the physical meeting notices will be posted.

Implementation in process—The Board has included a statement on its website that includes where physical meeting notices will be posted, in accordance with statute. Additionally, our review of the Board’s website prior to and after the October 2023 and August 2024 Board meetings found that it posted these 2 meeting agendas to its website 24 hours prior to each meeting, and recordings of the 2 meetings to its website within 5 business days after the meetings, as required by statute.^{9,10} However, the Board did not ensure its meeting minutes accurately reflected Board member actions, as required by statute. Specifically:

- Our review of the audio recordings the Board posted on its website for the April, May, July, and August 2024 Board meetings found that Board members did not consistently state their name before making a motion or seconding a motion. The audio recordings for the 4 meetings also did not include the names of the Board members who voted no on any of the motions.
- Although the Board posted written meeting minutes to its website for the April and May 2024 Board meetings that included the names of Board members who made and seconded motions, it posted these minutes more than 3 business days after the meetings. In addition, the written minutes for these 2 meetings did not include the names of Board members who voted no on any of the motions, as required by statute.
- As of September 2024, the Board had not posted written meeting minutes for the July and August 2024 Board meetings.

We will continue to assess the Board’s implementation of this recommendation during its next sunset review, which we initiated in December 2024.

15. The Board should update its website to include the required statement to inform the public that additional public records can be obtained by contacting the Board directly.

Implementation in process—The Board’s website includes a statement that informs the public that additional public records can be obtained by contacting the Board directly, in accordance with statute. However, this statement on the Board’s website is not readily accessible, potentially limiting public awareness that additional

⁸ Examples of necessary information include passing the required examination for a barber’s license, providing proof that an applicant is at least 18 years of age or is at least 16 years of age and received credit for at least 2 years of high school, and paying the required fees.

⁹ We will review whether the Board is posting its meeting notices at the physical location specified on its website during its next sunset review, which we initiated in December 2024.

¹⁰ In addition to posting audio recordings of the October 2023 and August 2024 meetings to its website, the Board later posts written meeting minutes to its website.

public records can be obtained by contacting the Board directly. Specifically, this statement is not available on any of the website's main menu options, including the pages for disciplinary actions and public information requests, and, instead, is on the page for nondisciplinary actions. As a result, locating this page requires a member of the public to search the website for a statement they may not know is required. We will continue to assess the Board's implementation of this recommendation during its next sunset review, which we initiated in December 2024.

16. The Board should continue to implement its new public information policies and procedures and train staff on the policies and procedures.

Implementation in process—Although the Board had previously developed public information policies and procedures, it developed a new public information policy in February 2023 that required it to establish an online portal on its website for the public to submit a public information request and, in accordance with statute, a time frame of 5 business days for staff to respond to the request. However, the policy does not provide further guidance to staff for handling public information requests. For example, the policy does not define what information staff should and/or should not provide or establish a time frame for how long staff has to provide requested information. Additionally, although the Board trained its staff on responding to public information requests, the training did not provide this guidance. Finally, we requested licensee information through the Board's website for a random sample of 4 licensees who had previously received a nondisciplinary letter of concern, and the Board provided a response between 1 and 4 business days. However, the Board did not provide all requested information for 2 of 4 licensees. Specifically, it did not provide information that a nondisciplinary letter of concern was previously issued for these 2 licensees. We will continue to assess the Board's implementation of this recommendation during its next sunset review, which we initiated in December 2024.

Sunset Factor 6: The extent to which the Board has been able to investigate and resolve complaints that are within its jurisdiction.

17. The Board should develop and implement additional complaint-handling procedures, such as monitoring and review procedures, to help ensure that complaints are adequately and timely opened, investigated, and resolved, and that complaints/outcomes are accurately documented in its e-licensing system.

Implementation in process—In December 2023, the Board developed a complaint-handling policy that includes some key steps Board staff should take to open and investigate a complaint. Specifically, the policy requires Board staff to review and triage complaints upon their receipt, establishes a time frame of 30 days to investigate a complaint, and explains potential disciplinary and nondisciplinary actions that staff may recommend to the Board based on a complaint's substantiated allegations. However, the policy does not include a time frame for the Board to resolve complaints or procedures for documenting complaint outcomes in its e-licensing system. Further, the Board was unable to provide us with a completed complaint log documenting all complaints received due to a reported technical error with its e-licensing system. Without a comprehensive complaint-handling policy and procedures or a complete complaint log, we were unable to determine whether the Board appropriately and timely investigates and resolves complaints. We will assess the Board's implementation of this recommendation during its next sunset review, which we initiated in December 2024.

Sunset Factor 8: The extent to which the Board has addressed deficiencies in its enabling statutes that prevent it from fulfilling its statutory mandate.

18. The Board should work with the Legislature to pursue statutory changes that it deems necessary, such as legislation that would allow it to consider criminal history as part of the qualifications for licensure and refuse to issue or renew a license if the crime or act is related to the qualifications, functions, or duties of the license applied for.

Implemented at 36 months—In November 2023, the Board voted to request a statutory change to require consideration of an applicant's criminal history as part of the qualifications for licensure and refuse to issue or

renew a license if the crime committed is substantially related to the qualifications, functions, or duties of the requested license. Effective September 14, 2024, Laws 2024, Ch. 250, §3, amended statute to require the Board to consider a license applicant's criminal history as part of the qualifications for licensure for all barbering and cosmetology licenses.¹¹

¹¹ The chapter heading of Arizona Revised Statutes title 32, chapter 5, is changed from "Cosmetology" to "Barbering and Cosmetology."