





Arizona State Board of Massage Therapy

24-Month Followup of Report 22-106

The August 2022 Arizona State Board of Massage Therapy (Board) performance audit and sunset review found that the Board did not investigate or timely investigate, document, or review all complaints it received; did not issue some initial licenses in accordance with statute and rule; and did not provide some public information in response to our anonymous requests or on its website. We made **27** recommendations to the Board.

Board’s status in implementing 27 recommendations

Implementation status	Number of recommendations
 Implemented	3 recommendations
 In process	9 recommendations
 In process in a different manner	1 recommendation
 Not implemented	14 recommendations

As discussed in recommendation 12a, the Board is awaiting implementation of its new e-licensing system. Although the e-licensing system was estimated to be implemented in April 2023, the vendor has experienced multiple delays in implementing the system and recently reported to the Board that the new e-licensing system would be implemented by the end of

March 2025. Additionally, in July 2024, the Board reported that the Arizona Department of Administration (ADOA) had previously indicated it would no longer support its existing licensing system and database by the end of calendar year 2024 because, according to ADOA, this system could not be updated to adhere to information security standards. Effective January 6, 2025, ADOA removed the Board's ability to process license applications using its existing licensing system. As a result, the Board temporarily suspended its provision of licensing services until January 21, 2025, but then reported on January 8, 2025, it had resumed processing paper licensing applications. However, as discussed in recommendations 11 and 12a, our followup review found that although the Board was aware for at least 5 months that it would not be able to use its old licensing system, it did not develop alternative policies and procedures establishing a process for Board staff to issue licenses to applicants who have met all statutory and rule requirements while awaiting the implementation of its new e-licensing system—that experienced multiple delays—or a contingency plan if its new e-licensing system was not implemented when ADOA removed the Board's ability to process license applications using its existing licensing system.

We will conduct a followup in fall 2025 with the Board on the status of the recommendations that have not yet been implemented. As part of this followup, we will review the Board's processing of license applications it received during the interim period when the Board was transitioning from its existing licensing system and database to its new e-licensing system, and its processing of license applications using its new e-licensing system.

Recommendations to the Board

Finding 1: Board did not investigate or timely investigate, document, or review all complaints it received, increasing public safety risk

1. The Board should investigate and resolve all complaints it receives within 180 days.

▶ Status: **Implementation in process.**

The Board has made progress toward resolving most complaints within 180 days.¹ Specifically, as of July 31, 2024, our review of all 136 complaints the Board received or initiated between July 1, 2023 and July 31, 2024, and recorded on its complaint tracker found that the Board resolved 110 complaints, or approximately 80 percent, within 180 days. However, the Board resolved 1 complaint in 194 days, and 18 complaints had been open for between 210 and 380 days.² The Board reported that it is unable to resolve some complaints within 180 days due to circumstances outside of its control, such as licensees who were incarcerated and could not be served complaint notice of hearing or licensees who were under criminal investigation and the Board's investigation could compromise the criminal investigation.

Additionally, although Board staff indicated that more staffing resources are needed to make further progress in resolving all complaints it receives within 180 days, according

¹ The Board investigates complaints received from the public and opens complaints to investigate license applicant background checks or other license application concerns.

² Additionally, as of July 31, 2024, the Board's complaint tracker showed that 7 complaint investigations were still open, but for less than 180 days.

to its *Fiscal Year 2026 Budget Request*, submitted to the Governor in September 2024, the Board did not request funding for more staff for fiscal year 2026. We will further assess the Board's efforts to investigate and resolve complaints within 180 days during our next followup.

2. The Board should establish written policies and procedures for complaint handling that include:

a. Minimum documentation requirements, such as retaining complaint forms, correspondence with all parties and other investigative documents, final investigative reports, Board decisions, and dates associated with investigative steps and Board decisions.

▶ **Status: Implementation in process.**

Since our initial followup, the Board has developed policies and procedures for complaint handling that include the recommended minimum documentation requirements. However, our review of a judgmental sample of 9 complaints received from the public found that the Board did not comply with its complaint-handling policies and procedures for all 9 complaints.³ For example, the Board:

- Did not retain written complaints for 2 of 9 complaints, correspondence with parties for 2 of 9 complaints, and the investigative report for 1 of 5 complaints the Board investigated, reviewed, and resolved.
- Did not assign for investigation 1 of 5 complaints the Board investigated within 10 days and did not contact all parties within 10 days of assigning a complaint for investigation for 2 of 5 Board-investigated complaints. According to the Board, it did not document the date a complaint was assigned to an investigator because the Board has 1 investigator and all complaints are assigned to this investigator on the date they are received. For the 1 complaint not assigned within 10 days, according to the complaint form, the Board received the complaint in July 2023. However, according to the Board's complaint log, it did not open the complaint for investigation until November 2023.
- Did not prioritize the previously mentioned complaint received in July 2023 for investigation as required by Board policy. Specifically, the Board's policy requires it to immediately prioritize for investigation complaints that allege any kind of physical or gross financial harm and to then investigate all other complaints on a first-come, first-served basis. Although this complaint included an allegation of injury resulting from a procedure not requested by the complainant and should have been prioritized immediately for investigation, the Board did not open its investigation for 112 days and resolved the complaint in 217 days.

³ We selected the judgmental sample of 9 public complaints from the 136 public complaints the Board received or initiated between July 1, 2023 and July 31, 2024. This sample included 5 complaints the Board investigated, reviewed, and resolved; and 4 complaints the executive director dismissed, as authorized by the Board, because the Board either lacked jurisdiction or no statutory violations were alleged.

- Did not notify all parties when a complaint was opened for 7 of 9 complaints, did not notify all parties when a complaint was resolved for 3 of 9 complaints, and did not inform the Board of any dismissals the Board’s executive director made for all 4 of the complaints that were dismissed.

We will further assess the Board’s implementation of its complaint-handling policies and procedures during our next followup.

b. Time frames for completing key complaint-handling steps and tasks.

- ▶ Status: **Implementation in process.**

See explanation for recommendation 2a.

c. Standards for prioritizing complaints based on the severity of allegations.

- ▶ Status: **Implementation in process.**

See explanation for recommendation 2a.

d. Complaint-screening protocols, including determining which complaints are within its jurisdiction.

- ▶ Status: **Implemented at 24 months.**

Our review of 9 complaints found that the Board followed its procedures for determining which complaints are within its jurisdiction for all 9 complaints we reviewed.

e. Notification requirements for parties involved, such as when a complaint is being opened or resolved, or when a complaint falls outside the Board’s jurisdiction.

- ▶ Status: **Implementation in process.**

See explanation for recommendation 2a.

3. The Board should develop a complaint-tracking process that allows Board staff to track all complaints it receives, monitor complaints it receives to ensure that they are investigated and resolved, and ensure that complaints are being resolved in a timely manner.

- ▶ Status: **Not implemented.**

The Board has developed policies that require Board staff to track all complaints it receives, monitor complaints to ensure that they are investigated and resolved, and ensure that complaints are being resolved in a timely manner; however, the Board has not yet developed a procedure for all of these policy requirements. For example, Board staff use a spreadsheet to track complaints, but the spreadsheet does not include key information required by its policies to monitor the status of complaints, such as the date a written statement regarding the alleged violations was obtained from each party, the date any party was informed of a decision or request for further information related to the complaint, and the date the Board reviewed and/or made a decision on a complaint. The Board reported that it plans to continue using its tracking spreadsheet until its new e-licensing system is implemented, which the e-licensing

system vendor (vendor) reported to the Board should occur by the end of March 2025 (see recommendation 12a for more information on the new e-licensing system).

Although the Board's written agreement with its e-licensing system vendor includes functionality for generating reports to track complaint-handling time frames, the agreement lacks specific information regarding which complaint-handling steps will be included in the reports, and the Board did not provide us with their correspondence with its vendor regarding this functionality, as we requested. Further, the Board's policies and procedures do not include guidance for Board staff to utilize the e-licensing system to track, monitor, and ensure the timely resolution of complaints. We will further assess the Board's implementation of this recommendation during our next followup.

4. The Board should develop and implement a formal management and analysis reporting process that includes Board staff routinely reporting to Board members and the executive director information on the nature and volume of complaints, its timeliness in investigating and resolving complaints, and the adequacy and consistency of its enforcement actions and their effectiveness in protecting the State's citizens from harm.

▶ Status: **Implementation in process.**

The Board has developed a process for Board staff to present information to the Board at each regular Board meeting on the progress of any new or outstanding complaint investigations, the number of complaints received or initiated and resolved, and the Board's timeliness and effectiveness in processing and resolving complaints. However, Board staff presentations are not required to include information regarding the nature of complaints received by the Board or the adequacy and consistency of its enforcement actions and their effectiveness in protecting the State's citizens from harm. Further, our review of the Board's September 2024 meeting found that although Board staff presented information regarding the number of complaints received or initiated and closed, staff did not provide information on the nature of complaints, adequacy and consistency of the Board's enforcement actions, or its timeliness in investigating and resolving complaints. We will further assess the Board's implementation of this recommendation during our next followup.

5. The Board should determine whether it will delegate authority to its executive director to dismiss complaints, and if so, it should delegate this responsibility in writing, including the types of complaints the executive director may dismiss and how the Board wants to be informed of these dismissals.

▶ Status: **Implementation in process.**

As discussed in our initial followup, the Board Chair and staff reported that the Board reviewed and unanimously voted to adopt a policy regarding its executive director's authority to dismiss complaints at its December 2022 meeting. Additionally, as indicated on its December 19, 2022, meeting agenda, the Board was scheduled to review, discuss, and take possible action authorizing its executive director to dismiss complaints. However, our review of the Board's December 2022 meeting minutes and audio recording found no indication the Board discussed this agenda item and adopted such a policy at the meeting.

In its June 2023 meeting, the Board discussed its policy related to delegating this authority to its executive director to dismiss certain complaints the Board receives, and the Board voted unanimously to delegate authority.⁴ The Board's policies and procedures require its executive director to verbally present each complaint he dismissed since the previous Board meeting, including the reason for the dismissal. However, our review of Board meeting minutes following 4 public complaints dismissed by the executive director found he did not verbally inform the Board of each dismissal, contrary to its policies and procedures.⁵ We will further assess the Board's implementation of this recommendation during our next followup.

Finding 2: Board has not made its telephone number publicly available and did not provide some information in response to our anonymous requests or on its website, restricting access to information public needs to make informed decisions about massage therapists

6. The Board should make its telephone number publicly available through its website, consistent with all other Arizona health profession regulatory boards.
7. The Board should respond to all telephone and email inquiries it receives from the public by providing the requested information, as authorized by statute.

▶ Status: **Implemented at 6 months.**

▶ Status: **Not implemented.**

Board staff either did not provide the requested information or did not respond to all 4 public information requests we anonymously made in April 2024, despite statute and its policies requiring it to provide the requested information. Specifically, in response to 2 anonymous email inquiries we sent to the Board, Board staff did not provide the requested information for either email inquiry and directed us to its website for information or to submit a public records request, contrary to Board policy. Further, Board staff did not respond to 2 anonymous telephone calls we made and associated voicemails we left for the Board. In contrast, during our previous followup, the Board provided information we requested in response to 2 telephone calls we made and 1 of 2 emails we sent within 2 business days. We will further assess the Board's implementation of this recommendation during our next followup.

⁴ Specifically, the Board delegated discretionary authority to its executive director to dismiss complaints lacking sufficient factual allegations to warrant further investigation or complaints not within the Board's statutory jurisdiction.

⁵ These 4 complaints were received by the Board and dismissed by the Board's executive director between August 7, 2023 and July 31, 2024, and were part of the judgmental sample of 9 complaints we reviewed for recommendation 2a (see explanation for recommendation 2a).

8. The Board should update and implement its public information policies and procedures to include steps its staff should take for:

a. Responding to email inquiries and telephone calls for information on licensees, including time frames and a schedule for staff to respond to these inquiries, and identifying what information can be disclosed.

▶ Status: **Not implemented.**

Although the Board has developed policies and procedures that include steps its staff should take when responding to email inquiries and telephone calls for information on licensees, including time frames and identifying what information can be disclosed, as explained in recommendation 7, Board staff have not complied with these policies and procedures. We will further assess the Board's implementation of its public information policies and procedures during our next followup.

b. Posting disciplinary and applicable nondisciplinary actions/orders on its website, including identifying time frames for both posting and removing the actions/orders, identifying which actions/orders can be posted in compliance with statute, and monitoring the postings to ensure they are removed from the website in compliance with the 5-year statutory time frame.

▶ Status: **Not implemented.**

The Board has developed 2 contradictory policies that require Board staff to maintain a list on its website of all disciplinary and applicable nondisciplinary actions/orders the Board has taken for different periods of time. Specifically, the Board has developed a policy that requires Board staff to post all disciplinary and applicable nondisciplinary actions/orders taken to its website within 24 hours and retain these actions/orders on its website for 5 years from the date the Board took these actions. However, a separate policy developed by the Board requires all disciplinary and applicable nondisciplinary actions/orders be made accessible through the Board's website indefinitely, which is not in accordance with the Board's other policy, our recommendation, or statute.

Further, the Board's reported process for removing these actions/orders from its website could result in some of them remaining on its website for more than 5 years, contrary to statute. Specifically, the Board reported that it annually removes actions/orders more than 5 years old from its website at the end of the calendar year, even though these actions/orders could reach the 5-year time frame prior to the end of a calendar year causing them to remain on the website for longer than 5 years. Additionally, as reported in recommendation 10, the Board has not posted copies of all statutorily required disciplinary and applicable nondisciplinary actions/orders on its website that fall within the statutory 5-year time frame. We will further assess the Board's implementation of its public information policies and procedures during our next followup.

9. The Board should train existing and new staff on the updated public information policies and procedures.

▶ Status: **Not implemented.**

The Board has developed policies and procedures that require all its staff to be trained on its public information policies and procedures. However, although the Board reported it would provide this training to new staff, it has not hired any new staff since we completed our audit and issued our report in August 2022. Further, despite our requests, the Board did not provide any documentation of this training or of providing it to its existing staff. We will further assess the Board's implementation of this recommendation during our next followup.

10. The Board should post copies of all statutorily required disciplinary and nondisciplinary actions/orders on its website that fall within the statutory 5-year time frame.

▶ Status: **Not implemented.**

The Board has not consistently posted copies of all statutorily required disciplinary and nondisciplinary actions/orders on its website that fall within the statutory 5-year time frame. Specifically, our April 2024 review of all 113 postings of disciplinary and nondisciplinary actions/orders on the Board's website found that:

- 28 of 113 postings exceeded the 5-year statutory time frame requirement, including postings that were published on the Board's website from 1 to 14 months past the time frame requirement.
- 34 of 113 postings did not include the action/order taken, as required by statute, and instead directed users to contact Board staff for this information. Additionally, these 34 actions/orders did not include the date the action/order was taken, so we could not determine if they fell within the statutory 5-year time frame. Finally, our further review of a judgmental sample of 5 of these 34 postings identified 3 duplicate postings that included the full action/order.

Additionally, our October 2024 review of the Board's website found that the Board had not posted to its website 4 of 7 disciplinary and applicable nondisciplinary actions/orders, including 2 orders to revoke licenses, taken during its March, June, July, and September 2024 meetings, contrary to statute and Board policy.⁶

According to the Board, it has requested functionality within its new e-licensing system to automatically post and remove actions/orders on its website (see recommendation 12a for more information about the implementation of the Board's new e-licensing system, which the vendor reported should occur by the end of March 2025). Although the Board's written agreement with its e-licensing system vendor includes a planned public-facing portal that would allow a user to search licensees' records on its website for applicable disciplinary actions/orders, it lacks information regarding the posting and removal of disciplinary and nondisciplinary actions/orders from its website. In

⁶ The Board offered a consent agreement to 3 additional licensees during its September 2024 meeting. These licensees had until November 23, 2024, to sign and return these consent agreements. Therefore, these actions would not have been available for posting as of our October review and were not included as part of our assessment.

addition, the Board did not provide requested documentation of reported additional correspondence with its vendor communicating the Board's needs for the system.

Finally, although the new e-licensing system may assist the Board in posting disciplinary and applicable nondisciplinary actions to the website once implemented, the Board has an ongoing responsibility to ensure all actions/orders are posted on its website in accordance with the statutory time frame. However, the Board failed to provide documentation of an alternative process to post actions/orders on its website as it awaits implementation of its new e-licensing system. We will further assess the Board's implementation of this recommendation during our next followup.

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

11. The Board should issue licenses only to applicants who meet all statutory and rule requirements within the time frames established in rule.

▶ Status: **Not implemented.**

Our review of a sample of 5 of 445 initial licenses the Board issued between January 1, 2024 and July 30, 2024, found that it issued all 5 licenses within 120 days as required by rule; however, it did not ensure that 3 of 5 licensees we reviewed met all statutory and rule requirements for licensure.^{7,8} Specifically the Board issued licenses to:

- 1 applicant who did not submit a fingerprint clearance card and documentation demonstrating the completion of required exams.
- 1 applicant who did not attend an accredited school and submit documentation demonstrating the completion of required exams.
- 1 applicant who had outstanding disciplinary proceedings or an unresolved complaint with another State board. Statute prohibits an applicant from being licensed until the proceedings or the complaint has been resolved.⁹

The Board's lack of policies and procedures for requesting and retaining this documentation likely contributed to these deficiencies (see recommendation 16 for more information). The Board has developed policies and procedures that require Board staff to process license applications using an e-licensing system that it reported prevents issuance of a license if all fields in the system showing compliance with all statutory requirements is not accurately completed. However, these policies and procedures do not include requirements to issue licenses to applicants within the time frames established in rule and are not yet applicable because the Board has not transitioned to this e-licensing system due to vendor delays (see recommendation 12a for more information about the implementation of the Board's new e-licensing system, which the vendor reported should occur by the end of March 2025). Additionally,

⁷ Our sample included 3 randomly selected licenses issued based on a standard application, 1 judgmentally selected license issued based on an application for out-of-State reciprocity, and 1 judgmentally selected license issued based on an application for universal acceptance.

⁸ We were unable to perform test work on license applicants who were not issued a license because the Board reported it does not currently track applicants who are not issued a license.

⁹ Arizona Revised Statutes (A.R.S.) §32-4223 (B).

despite our requests, the Board did not provide alternative policies and procedures establishing a process for Board staff to issue licenses only to applicants who have met all statutory and rule requirements while awaiting the implementation of its new e-licensing system. We will further assess the Board's implementation of this recommendation during our next followup.

12. The Board should work with its e-licensing software vendor to ensure that this software:

- a.** Collects all relevant data the Board needs to document and ensure license applicants comply with licensure requirements.

- ▶ Status: **Not implemented.**

The Board is still awaiting implementation of its new e-licensing system that it expects will include all relevant data necessary to ensure license applicants comply with requirements, such as continuing-education requirements; automatically post and remove actions/orders on its website; help track complaints the Board receives; and allow Board staff to query or create reports to monitor the licensing process. The Board entered a contract in April 2022 for a new e-licensing system with an estimated implementation date of April 2023. However, the vendor has experienced multiple delays in implementing the system and most recently reported to the Board in its November 2024 meeting that the new e-licensing system would be implemented by the end of March 2025.¹⁰

Additionally, although the Board's written agreement with the e-licensing system vendor includes planned features for a license-application portal, integration with the Arizona Department of Public Safety's fingerprint database to check for flagged fingerprint records, and a planned feature to generate a report on license processing times, the vendor agreement does not specifically state how the e-licensing system will include all relevant data the Board needs to ensure license applicants comply with license requirements. Further, despite our requests, the Board did not provide documentation of any additional correspondence with its vendor communicating the Board's needs for the system to help ensure license applicants comply with licensure requirements and to allow Board staff to query or create reports to monitor the licensing process. We will further assess the Board's implementation of this recommendation during our next followup.

- b.** Allows Board staff to query or create reports to monitor its licensing process, including monitoring compliance with licensing time frames.

- ▶ Status: **Not implemented.**

See explanation for recommendation 12a.

¹⁰ The Board's new e-licensing database will replace the Board's licensing system and database hosted and supported by ADOA. In July 2024, the Board reported that ADOA had previously indicated it would no longer support the ADOA-hosted licensing system and database by the end of calendar year 2024. According to ADOA, this system could not be updated to adhere to information security standards. Effective January 6, 2025, ADOA removed the Board's ability to process license applications using its licensing system, and as a result, the Board posted on its website that all licensing services were suspended until January 21, 2025. The Board reported that the Governor's Office directed it to continue accepting and processing paper license applications during its system upgrade and to notify the public of this option. The Board further reported on January 8, 2025, it had resumed processing license applications.

13. The Board should issue renewal licenses for only 2 years, as required by statute.

▶ Status: **Implemented at 24 months.**

The Board has developed policies and procedures for processing license renewals that include prohibiting Board staff from issuing renewal licenses for more than 2 years, consistent with statutory requirements. Our review of a sample of 20 of 557 licenses the Board renewed in August 2023 and January 2024 found that it renewed all licenses for only 2 years. Additionally, and unlike our findings from our initial followup where we found the Board renewed 2 licenses without a documented renewal application, it did not renew any of the 20 licenses without a documented license-renewal application.

14. The Board should identify and review all renewed licenses that have an expiration date exceeding 2 years and work with its assistant attorney general to determine what action it should take to ensure these licenses comply with the 2-year renewal time period outlined in statute, such as modifying the license expiration date.

▶ Status: **Not implemented.**

As discussed in our initial followup, the Board reported it had not retroactively reviewed license renewals that may have expiration dates exceeding 2 years and did not plan to do so. The Board further reported that it lacked resources to identify and review all renewed licenses that have expiration dates exceeding 2 years and that retroactively modifying license expiration dates could result in errors and/or legal challenges. In response to this followup, the Board did not provide any additional information on actions it had taken and reported it does not plan to take additional actions to address this recommendation. Because the Board reported it would not implement this recommendation, we will no longer assess its efforts to do so.

15. The Board should conduct continuing-education audits of at least 10 percent of active licenses annually, as authorized by rule.

▶ Status: **Implementation in process in a different manner.**

As reported in our initial followup, the Board indicated it conducts continuing-education audits of all active licensees prior to renewing their license by requiring applicants to submit and Board staff to review completed continuing-education certificates. Our review of a judgmental sample of 2 of 20 license renewals we sampled for recommendation 13 found that both license renewal applicants submitted and Board staff reviewed the required continuing-education certificates. Additionally, as discussed in recommendation 12a, the Board is in the process of implementing a new e-licensing system to help ensure license applicants comply with licensure requirements, including compliance with continuing-education requirements. Therefore, we will further assess any changes to the Board's process for reviewing compliance with its continuing-education requirements during our next followup.

16. The Board should develop and implement licensing policies and procedures for:

- a. Processing initial licenses and license renewals, including procedures for handling early license renewal applications.

▶ Status: **Implementation in process.**

As explained in recommendation 13, the Board has developed policies and procedures for processing license renewals, including procedures for handling early license renewal applications, and did not renew any licenses we reviewed for more than 2 years.

However, although the Board has developed policies and procedures for processing initial license applications using its planned new e-licensing system and reported the system will prevent the issuance of a license if the application does not meet all statutory requirements, these policies and procedures do not include requirements to issue licenses to applicants within the time frames established in rule and are not yet applicable because the new e-licensing system has not been implemented (see recommendation 12a for more information about the delayed transition to this new e-licensing system, which the vendor reported should occur by the end of March 2025). Further, despite our requests, the Board did not provide policies, procedures, or other written guidance outlining its process for reviewing and issuing initial licenses in the interim while awaiting the implementation of its new e-licensing system (see recommendation 11 for more information on deficiencies we identified with the Board's issuance of initial licenses we reviewed). We will further assess the Board's implementation of this recommendation during our next followup.

- b. Conducting continuing-education audits of at least 10 percent of license renewal applicants.

▶ Status: **Not implemented.**

As discussed in recommendation 15, the Board reported it conducts continuing-education audits by requiring applicants to submit and Board staff to review completed continuing-education certificates when renewing licenses. However, the Board did not provide any policies and procedures for this review. We will further assess the Board's implementation of this recommendation during our next followup.

- c. Maintaining and updating the Board-recognized school list, including steps its staff should take to add schools to the list and verify that schools continue to meet recognition requirements to be included on the list.

▶ Status: **Not implemented.**

Although the Board has developed a policy that requires Board staff to review and update the list of authorized massage schools on the Board's website, this policy lacks procedures for doing so. Additionally, as of December 2024, the Board does not maintain a list of Board-recognized schools on its website and instead redirects visitors to external links containing databases of schools maintained

by the Arizona Private Postsecondary Board of Education, Higher Learning Commission, and Council on Occupational Education. We will further assess the Board's implementation of this recommendation during our next followup.

17. The Board should conduct a fee analysis as required by its policies and procedures and revise its fees as needed.

▶ Status: **Not implemented.**

The Board reported it has not conducted an analysis of its fees as required by its policies and procedures because the Governor's Office directed it not to seek any fee increases. Further, effective September 14, 2024, 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. However, this requirement does not prevent the Board from conducting a fee analysis and determining if its fee revenues exceed its operating costs and if so, working to decrease its fees. Additionally, Laws 2024, Ch. 222, §51, amended statute to adjust the percentage of fees the Board retains to 85 percent of all monies collected rather than 90 percent through the end of fiscal year 2028.¹¹ Consistent with our recommendation, the Board should conduct a fee analysis to assess how this statutory requirement will impact its fee revenues and ability of these revenues to cover its operating costs. We will further assess the Board's implementation of this recommendation during our next followup.

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

18. The Board should revise its conflict-of-interest disclosure form to include an "affirmative no" option when there is no conflict of interest.

▶ Status: **Not implemented.**

The Board reported that it does not intend to update its conflict-of-interest form to include an "affirmative no" option because it considers its current process of requiring annual written disclosure forms from Board members and staff and asking Board members to disclose a conflict with Board meeting agenda items to be exhaustive. However, according to best practices, and as required by the ADOA-developed conflict-of-interest form for State employees, inclusion of an "affirmative no" on the disclosure form allows public officers and employees of public agencies to attest that they have no potential conflicts and helps ensure compliance with State conflict-of-interest requirements. Additionally, despite our requests, the Board did not provide a copy of its disclosure form for our review. Because the Board reported it does not intend to implement this recommendation and did not provide evidence of its forms, we will no longer assess its efforts to do so.

¹¹ A.R.S. §32-1505.

19. Establish and implement a documented process for remediating disclosed conflicts of interest.

▶ Status: **Implementation in process.**

The Board has developed policies and procedures for remediating conflicts Board members disclose during a Board meeting, including a requirement for Board members to withdraw from participation in a matter in which they have an interest and documenting disclosed conflicts and recusals in the Board's meeting minutes. Our review of March, May, and June 2024 Board meeting minutes found that the Board and its members followed the Board's process for a Board member recusing from a vote for a conflict that was disclosed during a meeting. However, the Board has not established a process for remediating conflicts Board staff disclose. Additionally, as reported in Recommendation 18, the Board did not provide the most recent conflict-of-interest disclosure forms Board members and staff completed that would have allowed us to assess the Board's remediation process for any potential disclosed conflicts. We will further assess the Board's implementation of this recommendation during our next followup.