

The November 2020 Arizona Board of Funeral Directors and Embalmers performance audit and sunset review found that the Board licensed/registered applicants without ensuring they met key public protection requirements and did not properly perform funeral establishment and crematory inspections or perform some of these inspections within the required time frame. We made 24 recommendations to the Board, and its status in implementing the recommendations is as follows:

### Status of 24 recommendations

Implemented:	17
In process:	4
Not yet applicable:	2
<b>Not implemented:</b>	<b>1</b>

We will conduct a 24-month followup with the Board on the status of the recommendations that have not yet been implemented.

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### Finding 1: Board licensed/registered applicants we reviewed without ensuring they met key public protection requirements

1. The Board should ensure that all initial licensing and registration applicants meet all statutory and rule requirements before approving applications and issuing licenses and registrations, such as performing a fingerprint-based criminal history records check for all applicants, inspecting all funeral establishments and crematories applying for an initial business license, and verifying all education and experience requirements for funeral directors and embalmers.  
**Implemented at 18 months**
2. The Board should develop and/or update and implement licensing and registration policies and procedures to ensure they address all statute and rule requirements for all license and registration types.  
**Implemented at 18 months**
3. The Board should revise its licensing and registration applications to include all statute and rule requirements.  
**Implemented at 12 months**
4. The Board should revise its licensing and registration application checklists to ensure they address all statute and rule requirements for each license and registration.  
**Implemented at 12 months**
5. The Board should develop, document, and implement a supervisory review process, such as having the Board's executive director review a risk-based sample of applications that have been administratively reviewed by Board staff.  
**Implemented at 18 months**

6. The Board should train staff on the newly developed and updated policies, procedures, checklists, and practices.  
**Implemented at 18 months**

## **Finding 2: Board approved funeral establishments to sell prearranged funeral agreements without ensuring they had surety bonds in required amounts**

7. The Board should verify that funeral establishments that are applying for an endorsement to sell prearranged funeral agreements have obtained surety bonds in amounts prescribed by statute.  
**Implemented at 18 months**
8. The Board should develop and implement policies, procedures, and/or application checklists for applications for prearranged funeral sales endorsement to require Board staff to verify surety bond amounts, and train its staff on these policies, procedures, and checklists.  
**Implemented at 18 months**
9. The Board should revise its prearranged funeral sales endorsement application to require applicants to provide the Board with the total number of salespersons employed at their funeral establishment.  
**Implemented at 12 months**

## **Finding 3: Board did not properly perform funeral establishment and crematory inspections, placing business employees' health and safety at risk and consumers at financial risk**

10. The Board should conduct licensed business inspections that assess compliance with all statutory and rule requirements and accurately document the results of these inspections.  
**Implemented at 18 months**
11. The Board should update and implement its inspection policies, procedures, and checklists to address all statutory and rule requirements.  
**Implemented at 18 months**
12. The Board should ensure that its executive director reviews inspection checklists after each inspection as required by Board policy.  
**Implemented at 12 months.**
13. The Board should develop and implement policies and procedures requiring its executive director to periodically accompany inspectors on inspections to help ensure they are thoroughly and appropriately conducted and documented.  
**Implemented at 18 months**
14. The Board should train all relevant Board staff on the updated inspection policies, procedures, and checklists.  
**Implemented at 18 months**

## Finding 4: Board did not perform some funeral establishment and crematory inspections within required 5-year time frame

15. The Board should conduct inspections of licensed funeral establishments and crematories at least once every 5 years as required by statute.

**Implemented at 18 months**

16. The Board should regularly maintain its inspection-tracking spreadsheet to include all inspection dates for each licensed funeral establishment and crematory and use the inspection-tracking spreadsheet and e-licensing system to monitor and ensure all licensed funeral establishments and crematories receive inspections within required time frames.

**Implemented at 12 months**

17. The Board should ensure that Board staff conduct reviews of the inspection-tracking spreadsheet after each monthly Board meeting, as required by Board policy.

**Implemented at 12 months**

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

18. The Board should implement its newly developed policy to track compliance with the required time frames for processing all initial and renewal licenses, registrations, and endorsement applications.

**Implementation in process**—The Board has implemented additional procedures to better track compliance with the required time frames for processing initial and renewal licenses, registrations, and endorsement applications, such as procedures to account for temporary stoppages in the licensing process. However, it has not incorporated these procedures into its written policies and procedures. The Board reported it planned to update its policies and procedures by January 2023.

19. The Board should refund fees to applicants and pay penalties to the State General Fund if and when it does not meet the required application processing time frames.

**Not yet applicable**—Based on our review of reports the Board developed to track its application processing time frames and a judgmental sample of 14 applications, we did not identify any applications that were not issued or renewed within the required application processing time frames and therefore would require the Board to refund fees and pay penalties.

20. The Board should conduct a review of its licensing and registration fees by analyzing the costs of its regulatory processes, comparing these costs to the associated fees, and determining the appropriate licensing fees, and then work with the Legislature to revise its fees accordingly.

**Implementation in process**—The Board has taken some preliminary steps to review its licensing and registration fees, such as beginning an analysis of the operating costs associated with its regulatory processes. The Board reported that it planned to complete its cost analysis by September 2022 and will use the cost analysis to review the appropriateness of its licensing and registration fees and determine whether they need to be revised.

21. The Board should establish and implement a process to periodically review the appropriateness of its fees on an ongoing basis.

**Implementation in process**—The Board has developed a policy requiring it to periodically review the appropriateness of its fees on an annual basis by analyzing the costs of its regulatory processes, and as discussed in the explanation for Recommendation 20, it is in the process of analyzing its operating costs (see explanation for Recommendation 20).

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

22. The Board should continue to implement its newly developed conflict-of-interest policies and procedures, such as using its new annual disclosure form, publicly disclosing conflicts of interests at Board meetings, and documenting disclosed Board member and staff conflicts of interest in a special file.

**Implementation in process**—The Board has continued to implement most of its conflict-of-interest policies and procedures, such as requiring Board members and staff to complete an annual conflict-of-interest disclosure, providing conflict-of-interest training, and storing conflict-of-interest disclosures in a special file. However, the Board has not yet fully implemented its procedure requiring Board members to disclose all facts material to any conflicts of interest. For example, although Board members recused themselves from participating in specific agenda items during the Board meetings we reviewed, they did not always explain and document the nature of the conflict of interest.

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

23. The Board should work with its Assistant Attorney General to determine whether and when it can develop and adopt rules to clarify statutes and processes for crematory operations.

**Not implemented**—Because the Board is scheduled to terminate on March 31, 2023, in accordance with Laws 2022, Ch. 279, it reported that it plans to work on rule changes pending legislative consideration and possible transference of its regulatory responsibilities.

24. The Board should, contingent on receiving an exemption to the rule-making moratorium, adopt rules to specify crematory operation requirements consistent with A.R.S. §32-1399.

**Not yet applicable**—See explanation for Recommendation 23.