

ARIZONA AUDITOR GENERAL

Lindsey A. Perry, Auditor General

Melanie M. Chesney, Deputy Auditor General

September 19, 2025

Members of the Arizona Legislature

The Honorable Katie Hobbs, Governor

Executive Director Migali
Arizona Barbering and Cosmetology Board

Transmitted herewith is the report *A Performance Audit and Sunset Review of the Arizona Barbering and Cosmetology Board*. This audit was conducted by the independent CPA firm Walker & Armstrong, LLP under contract with the Arizona Auditor General and was in response to a November 21, 2022, resolution of the Joint Legislative Audit Committee. The performance audit was conducted as part of the sunset review process prescribed in Arizona Revised Statutes §41-2951 et seq. I am also transmitting within this report a copy of the Report Highlights to provide a quick summary for your convenience.

As outlined in its response, the Arizona Barbering and Cosmetology Board agrees with all the findings and plans to implement all the recommendations. My Office has contracted with Walker and Armstrong, LLP to follow up with the Arizona Barbering and Cosmetology Board in 6 months to assess its progress in implementing the recommendations. I express my appreciation to the Board's members, Executive Director Migali, and Board staff for their cooperation and assistance throughout the audit.

My staff and I will be pleased to discuss or clarify items in the report.

Sincerely,

Lindsey A. Perry

Lindsey A. Perry, CPA, CFE
Auditor General

cc: Arizona Barbering and Cosmetology Board members

Arizona Barbering and Cosmetology Board

Board timely issued initial and renewal licenses and resolved complaints, but did not take consistent enforcement action against licensees for violations, or verify that some license applicants met all requirements, potentially affecting public safety

Performance Audit and Sunset Review

September 2025
Report 25-107



Walker & Armstrong

CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

September 19, 2025

Lindsey A. Perry, CPA, CFE
Arizona Auditor General
2910 North 44th Street, Suite 410
Phoenix, Arizona 85018

Dear Ms. Perry:

We are pleased to submit our report in connection with our performance audit and sunset review of the Arizona Barbering and Cosmetology Board. The performance audit was conducted pursuant to the sunset review process prescribed in Arizona Revised Statutes §41-2951 et seq.

As outlined in its response, the Board agrees with all the findings and plans to implement the recommendations. We will follow up with the Arizona Barbering and Cosmetology Board in six months to assess its progress in implementing the recommendations.

We appreciate the opportunity to provide these services and work with your Office. Please let us know if you have any questions.

Sincerely,



Walker & Armstrong, LLP
Phoenix, Arizona

Arizona Barbering and Cosmetology Board (Board)

Board timely issued initial and renewal licenses and resolved complaints, but did not take consistent enforcement action against licensees for violations, or verify that some license applicants met all requirements, potentially affecting public safety

Audit purpose

To assess whether the Board issued and renewed licenses and registrations in accordance with statute and rule requirements; investigated and resolved complaints within its jurisdiction in a timely manner and imposed disciplinary action consistent with the nature and severity of violations; performed routine inspections of licensed barbering and cosmetology schools and establishments in accordance with statute and rule requirements; provided information to the public as required by statute; and prescribed minimum curriculum requirements for schools that train barbers, cosmetologists, aestheticians, nail technicians, hairstylists, and instructors. In addition, the report provides responses to the 10 statutory sunset factors.

Key findings

The Board:

- Is responsible for regulating the barbering and cosmetology industry in Arizona including issuing and renewing licenses and registrations; investigating and resolving complaints; inspecting licensed establishments; providing information to the public about licensees; and prescribing minimum curriculum requirements for schools.
- Reviewed and approved or denied initial and renewal license and registration applications within required time frames, timely resolved complaints we reviewed, and prescribed school curriculum requirements in accordance with statute.
- Took inconsistent enforcement action against licensees with similar violations and lacked documentation supporting its determination of enforcement actions that were inconsistent with its disciplinary guidelines, increasing the risk to public safety and unequal treatment of licensees.
- Did not provide statutorily required infection prevention, sanitation, and law education to applicants or require that they complete it prior to issuing licenses, increasing risk to public health and safety.
- Did not include all elements required by its rules in its inspections of schools and establishments, allowing compliance issues to go unaddressed and potentially increasing risks to public health and safety, or provide all statutorily required disclosures to licensed establishments, potentially compromising licensees' rights.

Key recommendations

The Board should:

- Follow its disciplinary guidelines policy to help ensure it disciplines licensees consistently and develop and implement policies and procedures to document the rationale for deviations from the policy.
- Provide infection prevention, sanitation, and law classes to applicants and require them to complete the classes prior to issuing licenses, in compliance with State statute.
- Update its inspection form to include all rule requirements and provide all statutorily required disclosures to licensed establishments during inspections.

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BOARD OVERVIEW

Arizona Barbering and Cosmetology Board

The Arizona Barbering and Cosmetology Board (Board) regulates the barbering and cosmetology industry by issuing and renewing licenses and registrations to individuals and establishments; investigating and resolving complaints; conducting inspections of licensed establishments to verify compliance with statutory and rule requirements; providing information to the public about licensees and registrants; and prescribing minimum curriculum requirements for barbering and cosmetology schools. The Board is required by statute to consist of 9 Governor-appointed members appointed for 3-year terms beginning and ending on June 22. As of April 2025, 7 Board member positions were filled, and 2 positions were vacant. In fiscal year 2024, the Board was authorized 29.5 full-time

equivalent (FTE) staff positions. The Board does not receive any State General Fund appropriations. Rather, the Board's revenues consist primarily of licensing and registration fees.

Active licenses and registrations as of June 2025: 99,534











Establishment inspections conducted in calendar year 2024: 3,087

Complaints opened in calendar year 2024: 646

Audit results summary

Key regulatory areas reviewed	Results			
Individual and establishment licenses —Process initial applications within 28 to 90 days, depending on license or registration type. Key qualifications include education, experience, and passing score on examinations.	Issued timely?	✓	Ensured qualifications met?	✗
License and registration renewals —Process renewal applications within 75 days. Licensees must provide evidence that work authorization has not expired.	Issued timely?	✓	Verified current work authorization?	✗
Complaint handling —Investigate complaints it receives and take action to address violations within 180 days.	Resolved complaints in a timely manner?	✓	Took consistent enforcement action?	✗

Audit results summary (continued)

Other responsibilities reviewed	Results			
Inspections —Perform routine inspections of establishments to confirm establishments and schools are posting the required documents, following proper infections and safety standards, and properly maintaining required equipment to provide services.	Complied with statutory and rule requirements?		Required disclosures were provided to inspected establishments?	
Public information —Provide specific complaint and licensee information to the public on request and on its website.	Posted statutorily required website statement on how to obtain additional public records?		Provided requested information?	
Fee setting —Establish fees based on the actual costs of providing services.	Established fee-setting policies and procedures?		Assessed costs?	
Conflicts of interest —Sign a disclosure form, maintain substantial interest disclosures in a special file, and recuse oneself from decisions involving substantial interests.	Board members/ staff signed annual disclosures?		Board maintained a special file and Board members with conflicts recused selves during Board meetings?	
Rulemaking and open meeting law —Requirements include involving the public in rulemaking and posting recorded minutes on the Board's website in 5 days.	Involved public in rulemaking?		Posted recorded minutes on Board's website in 5 days?	

INTRODUCTION

On behalf of the Arizona Auditor General, Walker & Armstrong has completed a performance audit and sunset review of the Arizona Barbering and Cosmetology Board (Board). This performance audit and sunset review determined whether the Board (1) issued and renewed licenses and registrations in accordance with statute and rule requirements, (2) investigated and resolved complaints within its jurisdiction in a timely manner and imposed disciplinary action consistent with the nature and severity of violations, (3) performed routine inspections of licensed barbering and cosmetology schools and establishments in accordance with statute and rule requirements (4) provided licensee/registrant information to the public as required by statute, and (5) prescribed minimum curriculum requirements for schools that train barbers, cosmetologists, aestheticians, nail technicians, hairstylists, and instructors. This report also provides responses to the statutory sunset factors.

Board mission and responsibilities include ensuring regulated persons are competent to safely practice

Arizona began regulating the barbering and cosmetology fields in 1929, with the creation of the State Board of Barbers and Cosmeticians. The 2 Boards were separated in 1935; however, effective January 1, 2022, Laws 2021, Ch. 334, consolidated the State Board of Barbers with the Arizona State Board of Cosmetology to create the Board.

Key Terms

Aesthetician – an individual who performs any combination of the following practices for cosmetic purposes: applying oils, creams, clays, or lotions; arching eyebrows or tinting eyebrows and eyelashes; removing superfluous hair.

Barber – an individual who performs any combination of the following practices for cosmetic purposes: cutting or trimming hair; applying oils, creams, clays, or lotions; styling, cleansing, or coloring hair; providing skin care, facials, or acne removal masks and cream.

Cosmetologist – an individual who performs any combination of the following practices: applying oils, creams, clays, or lotions; arching eyebrows and tinting eyebrows or eyelashes; nail technology; or hairstyling.

Establishment – place of business in which operations include offering any combination of the following services: barbering, cosmetology, aesthetics, nail technology, or hairstyling.

Eyelash Technician – an individual not licensed as a cosmetologist or aesthetician who performs cosmetic services limited to eyelash extensions.

Hairstylist – an individual who performs any combination of the following practices for cosmetic purposes: cutting, trimming, styling, arranging, dying, tinting, or coloring hair.

Instructor – an individual licensed to teach at least 1 of the following practices: barbering, cosmetology, aesthetics, nail technology, or hairstyling.

Nail technician – an individual who performs any combination of the following practices for cosmetic purposes: cutting, trimming, coloring, or otherwise treating a person's nails; applying artificial nails; massaging and cleaning a person's hands, arms, legs, and feet.

School – an establishment operated for the purpose of teaching at least 1 of the following cosmetic services: barbering, cosmetology, aesthetics, nail technology, or hairstyling.

Source: Walker & Armstrong staff review of Arizona Revised Statutes (A.R.S.) §32-501

The Board’s mission is to protect the public’s health and safety by licensing qualified schools, establishments, and individuals, and ensure compliance with State statutes and regulations (see textbox, page 3, for key terms related to Board’s statutory responsibilities).

The Board’s statutory responsibilities include:

- Issuing and renewing licenses and registrations to qualified individuals in the fields of barbering, aesthetics, nail technology, hairstyling, cosmetology, or eyelash technology. As of June 2025, the Board oversaw 81,214 individual licensees and registrants (see Table 1, pages 5 and 6).
- Issuing and renewing licenses to establishments in which operations include barbering, aesthetics, nail technology, hairstyling, cosmetology, or eyelash technology. As of June 2025, the Board oversaw 16,490 licensed establishments (see Table 1, pages 5 and 6).
- Issuing and renewing licenses to qualified individuals to teach the skills used in the fields of barbering, aesthetics, nail technology, hairstyling, cosmetology, or eyelash technology. As of June 2025, the Board oversaw 1,654 licensed instructors (see Table 1, pages 5 and 6).
- Issuing and renewing licenses to schools that operate to educate students on skills used in the fields of barbering, aesthetics, nail technology, hairstyling, cosmetology, or eyelash technology. As of June 2025, the Board oversaw 176 licensed schools (see Table 1, pages 5 and 6).
- Investigating and adjudicating complaints against licensees and registrants. The Board is statutorily authorized to take various disciplinary and nondisciplinary actions if it determines that a statutory violation has occurred, including license revocation and civil penalties (see textbox). In calendar year 2024, the Board opened 646 complaint investigations in relation to complaints received from the public (see Finding 1, pages 10 through 12, Sunset Factor 2, pages 13 through 21, and Sunset Factor 6, pages 24 and 25, for more information on our findings related to the Board’s processes for handling complaints).
- Performing routine inspections of licensed schools and establishments, both prior to and subsequent to initial licensure, to ensure compliance with State statute and rule requirements. The Board is also responsible for adjudicating any substantiated violations of statute or rule identified during inspections. The Board reported that it conducted 3,087 inspections in calendar year 2024 (see Sunset Factor 2, pages 13 through 21, for more information on our findings related to the Board’s processes for handling inspection violations).
- Providing information to the public, including licensees’ and registrants’ disciplinary and nondisciplinary histories (see Sunset Factor 5, pages 22 through 24, for more information on public information requirements).

Examples of disciplinary actions the Board may take

Disciplinary actions	
* Revoke license	* Impose probationary term
* Suspend license	* Impose civil penalty up to \$2,000
* Issue letter of concern	
* Publicly reprove licensee	

Source: Walker & Armstrong staff review of A.R.S. §32-571

- Prescribing minimum school curriculum requirements for barbers, cosmetologists, aestheticians, nail technicians, hairstylists, and instructors (see Sunset Factor 2, pages 13 through 21, for more information on school curriculum requirements).

Table 1: Board license and registration types; number of active licenses and registrations; and education and experience requirements

As of June 2025
(Unaudited)

License or registration type	Active licenses or registrations	Education and experience requirements for license or registration ¹
License		
Aesthetician or nail technician by examination	34,167	<ul style="list-style-type: none"> • Graduation from a licensed school with at least 600 training hours OR complete an approved apprenticeship program • Be 18 years of age or 16 years of age with 2 years of high school completed • Be a U.S. citizen or have documented alien status • Pass the appropriate examination • Pay the prescribed fees
Hairstylist by examination	1,251	<ul style="list-style-type: none"> • Graduation from a licensed school with at least 1,000 training hours or complete an approved apprenticeship program • Be 18 years of age or 16 years of age with 2 years of high school completed • Be a U.S. citizen or have documented alien status • Pass the appropriate examination • Pay the prescribed fees
Barber by examination	4,233	<ul style="list-style-type: none"> • Graduation from a licensed school with at least 1,200 training hours or complete an approved apprenticeship program • Be 18 years of age or 16 years of age with 2 years of high school completed • Be a U.S. citizen or have documented alien status • Pass the appropriate examination • Pay the prescribed fees
Cosmetologist by examination	39,520	<ul style="list-style-type: none"> • Graduation from a licensed school with at least 1,500 training hours or complete an approved apprenticeship program • Be 18 years of age or 16 years of age with 2 years of high school completed • Be a U.S. citizen or have documented alien status • Pass the appropriate examination • Pay the prescribed fees

License or registration type	Active licenses or registrations	Education and experience requirements for license or registration ¹
Aesthetician, nail technician, hairstylist, barber, or cosmetologist instructor license by examination	1,654	<ul style="list-style-type: none"> Be 18 years of age or 16 years of age with a high school diploma Hold a license in the applicable field Have 1 year of work experience in the applicable field Have obtained 350 hours of instructor training in the applicable field Pass written and practical examinations Pay the prescribed fees Complete infection prevention, sanitation, and law review class provided by the Board
Establishment license	16,490	<ul style="list-style-type: none"> Pay prescribed fees Operate by safety and sanitary requirements prescribed by Board rule Have an individual designated as management of the establishment
School license	176	<ul style="list-style-type: none"> Pay prescribed fee Furnish a \$10,000 surety bond Pass Board inspection prior to operation Have a Student-School Contract Form Propose schedule of courses and enrollment requirements
Registration		
Eyelash technician	2,043	<ul style="list-style-type: none"> Completion of a Board approved eyelash extension training program Be 18 years of age or 16 years of age with 2 years of high school completed Be a U.S. citizen or have documented alien status Pass the appropriate examination Pay the prescribed fees
Total active licenses and registrations	99,534	
¹ Licenses issued by examination can also be obtained by reciprocity, which requires having experience in another state in place of a required examination.		
Source: Walker & Armstrong staff analysis of A.R.S. §§32-510 through 32-512.02, 32-531, 32-541, 32-551 and licensing information provided by Board staff.		

Board comprises 9 members supported by 26 staff positions

A.R.S. §32-502 requires the Board to consist of 9 Governor-appointed members who serve 3-year terms, to begin and end on June 22. The Board shall consist of 1 actively licensed cosmetologist, 1 actively licensed barber, 2 school owners, and 5 public members. The licensed cosmetologist and barber must

have actively practiced for the 3 years preceding appointment. The 2 school owners must own separate schools. As of April 2025, 7 Board member positions were filled and 2 public member positions were vacant. The Board holds monthly meetings that are open to the public.

The Board chair is responsible for appointing Board members to committees. As of April 2025, the Board had a legislative committee, consisting of 5 members, to review statutes, rules, and regulations and recommend changes or actions to the Board. All committee seats were filled as of April 2025. Meetings of the committee are open to the public.

The Board was authorized 31.5 full-time equivalent (FTE) staff positions for fiscal year 2025. As of April 2025, the Board reported that 26 of 31.5 authorized FTE positions were filled, including an executive director, deputy director, communications administrator, IT generalist, compliance administrator, office manager, licensing and customer case administrator, and other licensing, complaint investigation, and administrative staff.

The Board has established policies and procedures to allow its staff to work remotely up to 5 days per week, with in office requirements varying by position.

- Customer service and licensing staff are required to come to the office 1 day per week
- Investigation staff are authorized to work remotely all 5 days per week; however, 3 of those days must be spent in the field conducting inspections and investigations.
- Supervisors and above are required to alternate every other week between 1 and 2 days in the office.

The Board reported having 28 workstations available in its office suite. In accordance with State requirements, the Board's policies and procedures include remote work training, annual remote work agreements, and the establishment and monitoring of staff productivity and work quality.¹

Board's revenues were primarily from regulated community and its expenditures were mostly for staffing

The Board does not receive any State General Fund monies. Instead, the Board's revenues consist of licensing and other fees, a portion of which are appropriated to the Board for operations as part of the State budget process. The Board is statutorily required to remit all civil penalties and 10% of all fees, fines, and other revenues received to the State General Fund and to deposit the remaining 90% into the Barbering and Cosmetology Fund. However, effective September 15, 2024, Laws 2024, Ch. 222, requires the Board to remit to the State General Fund 15% of all monies it receives through June 30, 2028, and deposit the remaining 85% to the Barbering and Cosmetology Fund.

As shown in Table 2, page 8, in fiscal years 2023 through 2025, between 91% and 97% of the Board's expenditures or estimated expenditures were for personnel costs, professional services such as legal fees paid to the Arizona Attorney General's Office, temporary staffing, and other operating expenses, such as

¹ State of Arizona Department of Administration. 2020. *Remote Work Program* (ASPS/HRD-PA5.01). Retrieved April 11, 2025, from <https://remotework.az.gov/sites/default/files/2021-07/ASPS-HRD-PA5.01%20Remote%20Work%20Program%20policy%2012.2.20%20PDF.pdf>.

rent, software support and maintenance, and financial services. Between fiscal years 2023 and 2025, the Board's fiscal year ending fund balance decreased from about \$15.4 million to \$4.6 million, in part due to a transfer of \$12.1 million of the Board's fund balance to the State's General Fund based on the State approved budget for fiscal year 2025. Based on the Board's fiscal year 2025 estimated revenues and expenditures, its fiscal year 2025 ending fund balance is estimated at \$4.6 million or about 153% of its annual operating expenditures for the fiscal year.

Table 2: Schedule of revenues, expenditures, and changes in fund balance
Fiscal years 2023 through 2025
(Unaudited)

	2023 (Actual)	2024 (Actual)	2025 (Estimated)
Fund balance, beginning of year	\$ 15,610,403	\$ 15,370,065	\$ 5,001,009
Revenues			
Licensing and fees ¹	\$ 2,417,742	\$ 4,261,736	\$ 2,520,324
Charges for goods and services			
Publications and reproductions	17,413	11,934	13,601
Other ²	43,489	40,530	45,532
Fines, forfeits, and penalties	464,887	585,616	414,935
Other ³	65,331	116,746	80,710
Total gross revenues	3,008,862	5,016,562	3,075,102
Remittances to the State General Fund ⁴	(304,022)	(520,639)	(461,265)
Total net revenues	2,704,840	4,495,923	2,613,837
Expenditures and transfers			
Payroll and related benefits	1,784,988	1,667,716	1,929,445
Professional and outside services ⁵	181,995	132,124	105,834
Travel	36,533	46,503	38,772
Other operating ⁶	893,910	874,029	701,982
Furniture, equipment, and software	31,714	14,414	214,354
Transfers to other agencies ⁷	16,038	30,193	23,285
Transfers to State General Fund ⁸	-	12,100,000	-
Total expenditures	2,945,178	14,864,979	3,013,672
Excess of revenues over (under) expenditures	(240,338)	(10,369,056)	(399,835)
Fund balance, end of year	\$ 15,370,065	\$ 5,001,009	\$ 4,601,174

¹ Licensing and fees have a biennial fluctuation in revenue, with even-numbered years consisting of higher income due to the concentration of cosmetology-related license renewals. This concentration is the result of a change in renewal period from 1 to 2 years after the Board's consolidation (see Introduction section, page 3, for more information on the Board's consolidation).

- ² Other charges for goods and services consist of fees for various other services such as providing a license verification for licensure in another state.
- ³ Other revenues consist of credit card convenience fees.
- ⁴ Board is required to remit to the State General Fund 100 % of civil penalties and 10 % of other monies received by the Board in accordance with A.R.S. §32-505. For fiscal years 2025-2027, the Board is required to remit to the State General Fund 100 % of civil penalties and 15 % of other monies received by the Board.
- ⁵ Professional and outside services expenditures primarily consist of fees paid to the Arizona Attorney General's office for legal services and fees for contracted employment services. There has been a decline in the Board's use of contracted employment services since it has been hiring more FTE staff for Board operations since fiscal year 2022.
- ⁶ Other operating expenditures consist of various expenditures such as rent, software support and maintenance, financial services provided by the Arizona Department of Administration (ADOA) Central Services Bureau, supplies, and insurance.
- ⁷ Transfers to other agencies primarily consist of transfers to ADOA for an interagency agreement to make improvements to the Board's office space.
- ⁸ Laws 2024, Ch. 209, Sec. 133, required a transfer of \$12.1 million of the Board's fund balance to the State's General Fund for the purpose of providing adequate support and maintenance for agencies of the State.

Source: Walker & Armstrong staff analysis of ADOA provided monthly financial reporting files and the State of Arizona *Annual Financial Report* for fiscal years 2023 and 2024; and Board and Arizona Department of Administration provided fiscal year 2025 estimates.

Board failed to take enforcement action against licensees for violations consistent with its policy, increasing the risk of harm to the public and unequal treatment of licensees

Board is responsible for taking consistent enforcement action against licensees for violations to protect the public by deterring future violations

The Board is responsible for licensing and regulating barbering and cosmetology-related practices.² This responsibility includes investigating and adjudicating complaints against licensees alleging violations of statute and rules, such as noncompliance with sanitation and safety standards. The Board has established a disciplinary guidelines policy that outlines remedial or disciplinary actions the Board can take after it substantiates that a violation has occurred, such as issuing a letter of concern or civil penalties (see textbox). The Board's policy does not allow for discretion based on the factors or circumstances of individual cases. After an investigation is completed, Board staff propose a recommended Board action based on the Board's policy.

Best practices set forth by the National State Auditors Association outline recommendations for regulatory programs to enforce compliance with requirements and standards.³ These best practices include development of a systematic, fair, and progressively stringent enforcement process to ensure that public health, safety, and welfare are protected, including:

Board's disciplinary guidelines policy

Dismiss—cases that have no violation or insufficient evidence can be obtained.

Refer—cases that fall outside the Board's jurisdiction.

Issue letter of concern—cases that involved minor sanitation issues or advertising issues.

\$50 civil penalty—first time simple licensing errors.

\$100 civil penalty—managerial oversight issues.

\$150 - \$200 civil penalty—recurring or more serious licensing gaps.

\$500 civil penalty—hazardous chemical use or repeated violations.

\$500 - \$2,000 civil penalty—cases that include gross health or safety issues, fraud, or unlicensed operations.

Source: Walker & Armstrong staff review of the Board's disciplinary guidelines policy.

² A.R.S. §§32-504 and 32-571.

³ National State Auditors Association. (2004). Carrying out a state regulatory program: A National State Auditors Association best practices document. Retrieved 7/8/25, from https://www.nasact.org/files/News_and_Publications/White_Papers_Reports/NSAA%20Best%20Practices%20Documents/2004_Carrying_Out_a_State_Regulatory_Program.pdf.

- **Implementing graduated sanctions**—Establish a clear, equitable system of escalating sanctions tied to the severity or frequency of violations, including specified triggers and timeframes, while ensuring immediate action for serious risks.
- **Formalizing enforcement procedures**—Develop administrative processes for appeals, provide formal notifications of enforcement actions, and take consistent, timely actions, including fine collection and license suspensions, when violations occur.
- **Ensuring transparency and accountability**—Maintain records of enforcement actions, oversee the effectiveness of enforcement activities, and make disciplinary information accessible to the public.

Board failed to take enforcement action against licensees consistent with its policy and among licensees, and lacked documentation supporting its determination of some enforcement actions, increasing the risk to public safety and unequal treatment of licensees

Our review of Board meetings, investigation files, and Board policy found that the Board took inconsistent enforcement action against licensees with similar violations.⁴ Although the Board had a policy outlining enforcement actions to take for specified violations and Board staff provided recommendations consistent with its policy, the Board issued inconsistent disciplinary actions among licensees. For example:

- The Board’s disciplinary guidelines establish a \$500 civil penalty for operating an establishment without an establishment license. However, our review of the January 2024 Board meeting found the Board imposed a \$500 civil penalty for 1 licensee while dismissing 3 other licensees in violation of statute by operating without an establishment license inconsistent with the Board’s policy. We reviewed each case file noting that each licensee had no prior violation and that Board staff recommended a \$500 civil penalty for each licensee, consistent with the Board’s policy and there was no documented extenuating factors to justify the differences in Board actions.
- The Board’s disciplinary guidelines establish a \$500 civil penalty for having a prohibited hazardous substance in an establishment. However, our review of the July and September 2024 Board meetings found that the Board disciplined 2 licensees with a \$500 civil penalty for possessing a prohibited hazardous substance, but issued only a letter of concern to another licensee for the same violation—inconsistent with the Board’s policy. We reviewed each of the case files noting that each of the licensees had no previous violations and Board staff recommended a \$500 civil penalty for each licensee, consistent with the Board’s policy and there was no documented extenuating factors to justify the differences in Board actions.

When the Board’s enforcement actions are inconsistent with the nature and severity of the violations or does not take sufficiently stringent enforcement action, such as when licensees are found with hazardous chemicals, the public is at an increased risk of harm if licensees do not see discipline as a deterrent or if

⁴ Based on our review of Board meeting minutes associated with a sample of 25 of 646 complaints the Board reported as closed in calendar year 2024 and observation of the February and March 2025 Board meetings (see Appendix B, pages b-1 through b-3, for additional information on our sampling methodology).

consumers are perceived as unprotected. In addition, taking inconsistent actions among licensees with similar violations without clear mitigating factors could increase the risk of allegations of unequal treatment.

Board used discretion rather than following established policies in taking actions against licensees and lacked a process for documenting reasons for actions inconsistent with disciplinary guidelines

The Board reported that it uses its discretion to deviate from its disciplinary guidelines rather than consistently adhering to its disciplinary guidelines policy. Specifically, a Board member indicated that disciplinary decisions may consider whether a licensee is actively working to resolve a violation, as the Board aims to collaborate with licensees to protect the public. However, the Board lacks a process to document the rationale for deviating from its established guidelines and our review identified inconsistencies with this approach. For example, in January 2024, the Board reviewed 4 cases involving licensees operating without an establishment license. In 1 case, the Board imposed a \$500 civil penalty on a licensee who obtained an establishment license 20 days after the violation. In contrast, the Board dismissed 3 similar cases, including 2 in which the establishment license was obtained 40 and 78 days after the violation and 1 that had not taken action to resolve the violation as of the Board meeting date. The Board's rationale for its inconsistent actions to deviate from its disciplinary guidelines was unclear since there was no documentation in the meeting records or case files that explained the differing enforcement decisions when in all instances the licensees had taken action to resolve the same violation of operating without an establishment license.

Recommendations to the Board

1. Follow its disciplinary guidelines policy to discipline licensees consistently.
2. Establish and implement written policies and procedures to document circumstances and/or explanations for deviations of disciplinary action from those outlined in the Board's disciplinary guidelines policy (mitigating and aggravating factors).

Board response: As outlined in its [response](#), the Board agrees with the finding and will implement the recommendations.

SUNSET FACTORS

Pursuant to A.R.S. §41-2954(D), the legislative committees of reference shall consider but not be limited to the following factors in determining the need for continuation or termination of the Board. The sunset factor analysis includes additional findings and recommendations not discussed earlier in the report.

Sunset factor 1: The key statutory objectives and purposes in establishing the Board.

The Board's key statutory responsibilities include the licensing and registration of qualified individuals, barber shops, salons, and schools.⁵ It is also responsible for inspecting establishments to ensure compliance with applicable statutes and rules, investigating and adjudicating complaints involving licensees and registrants, performing routine inspections of schools and establishments in accordance with statute and rule requirements, and providing public access to licensee/registrant information.⁶ Additionally, State statute requires that the Board propose minimum curriculum requirements for educational programs in barbering, cosmetology, aesthetics, nail technology, eyelash technology, and instruction and to administer, or select a national professional organization to administer, licensing examinations for aestheticians, cosmetologists, barbers, and instructors.⁷

Sunset factor 2: The Board's effectiveness and efficiency in fulfilling its key statutory objectives and purposes.

The Board complied with statutory and rule requirements related to its statutory objective and purposes for 2 areas we reviewed. Specifically, the Board:

- **Reviewed and approved initial and renewal applications within required time frames**—The Board's administrative rules require it to approve or deny initial and renewal applications for licensure or registration within 28 to 90 days, depending on the type of license or registration.⁸ Our review of a stratified random sample of 40 of 9,927 initial applications across all license types and a random sample of 10 of 2,042 renewal barber applications the Board approved or denied in calendar year 2024 found that the Board approved all initial and renewal applications we reviewed within the required time frames.⁹
- **Prescribed minimum school curriculum requirements**—Statute requires the Board to prescribe minimum educational curriculum requirements for schools that train barbers, aestheticians, cosmetologists, nail technicians, hairstylist, and instructors.⁵ Statute requires that

⁵ A.R.S. §32-504(A)(2).

⁶ A.R.S. §32-542, §32-573, and §32-504(A)(4).

⁷ A.R.S. §32-504(A)(7).

⁸ Arizona Administrative Code (A.A.C.) R4-10-106.

⁹ Renewal was automatic for cosmetology-related licenses and registrations. However, the Board had not implemented procedures to verify citizenship or work authorization status at the time of renewal as required by its administrative rules (see Sunset Factor 2, page 14, for additional information on the Board's verification of work authorization).

barbering schools must provide at least 250 hours focused on the fundamentals of barbering, hygiene, bacteriology, histology of the hair, skin, muscles, and nerves, anatomy of the head, face, and neck, basic chemistry related to sterilization and antiseptics, and skin and hair disorders.¹⁰ An additional 950 hours must be dedicated to the practical application and study of scalp, face, and neck massage, haircutting, shaving, and chemical services such as permanent waving, hair straightening, coloring, and bleaching.¹¹ Although statute does not have detailed requirements for other licensees, statute establishes required training hours for schools that train aestheticians, cosmetologists, nail technicians, hairstylist, and instructors.¹² Our review of the Board's rules found that the Board established school curriculum requirements for barbers, aestheticians, cosmetologists, nail technicians, hairstylist, and instructors consistent with statutory requirement.

However, we identified 12 areas in which the Board can improve its effectiveness and efficiency in fulfilling its statutory objectives and purposes. Specifically, the Board:

- **Did not verify work authorization for most renewal applicants, and risks failing to fulfill its responsibility to enforce licensure laws consistently and equally across all license types**—Statute requires the Board to verify, at the time of license renewal, that a licensee is either a U.S. citizen or authorized to work in the United States under federal law, particularly if the individual previously held a limited work authorization.¹³ Our review of a random sample of 10 of 2,042 barber renewal applications found that the Board verified each applicant's citizenship or work authorization status. However, the Board had not verified applicants' citizenship or work authorization status for any other license types, including cosmetologists, aestheticians, nail technicians, and hairstylists.¹⁴ Specifically, Board staff reported they were testing a new online application for renewal applicants with barbering applicants before expanding it to other license types. By not verifying this information for all licensees, the Board risks renewing licenses for individuals who are not U.S. citizens or authorized to work in the United States under federal law, and failing to fulfill its responsibility to ensure equitable enforcement of licensure laws, undermining the public's trust in the regulatory process. Staff indicated that following our review, the Board implemented a process to collect the required documentation for all renewal applicants.
- **Did not verify that initial applicants met all requirements for licensure**—Our review of a stratified random sample of 40 of 9,927 initial applications across all license types the Board approved in calendar year 2024 found that the Board verified applicants' educational qualifications for licensure (see Table 1, pages 5 and 6). Specifically, our review found that applicants met the educational and experience requirements established by statute and rule, such as graduating from a school approved by the Board (see Appendix B, pages b-1 through b-3, for more information on our sampling methodology). However, statute requires that the Board also provide or designate a provider to administer classes on infection prevention, sanitation, and

¹⁰ A.R.S. §32-551(B)(1).

¹¹ A.R.S. §32-551(B)(2).

¹² A.R.S. §32-510(A)(3)(b), 32-511(A)(3)(a), 32-512.01(A)(3)(b), 32-531(A)(3).

¹³ A.R.S. §41-1080(D).

¹⁴ The Auditor General previously identified this issue in its 2021 sunset review of the Arizona State Board of Barbers, for more information regarding the status of previous recommendations, see Appendix A, page a-2.

applicable laws for all applicants seeking licensure or registration by reciprocity, as well as those applying for instructor licensure, but based on our review, as of May 2025, the Board does not offer a class on infection prevention, sanitation, and law.¹⁵ Laws 2011, Ch. 199, amended State law to require applicants for licensure by reciprocity for all cosmetology license types to complete a class related to infection protection and a class relating to law review. However, Board staff reported that the content previously offered in this training was inadequate, and the Board discontinued enforcing this requirement in Spring of 2020. Additionally, our review of a stratified random sample of 5 out of 1,662 reciprocity applications across all license types in calendar year 2024 found that the Board failed to ensure that licensees received the required infection prevention, sanitation, and law education. As a result of the Board not providing or ensuring required education in accordance with statute, licensees do not have required education, placing public health and safety at an increased risk. Board staff indicated they are working with the Arizona Department of Administration to develop and implement the required classes.

- **Lacked a process to ensure staff approved only qualified applicants, increasing the risk of unqualified applicants being approved for licensure**—Our review of the Board’s initial and renewal application process found that a single staff member was responsible for reviewing and approving applications for all license types. By having a single individual responsible for reviewing and approving applications, the process lacks a quality control process to ensure the individual is appropriately evaluating and approving applications. For example, without a process to ensure individuals are appropriately approving applications, an application specialist could approve an individual who did not obtain the necessary education or pass a Board approved examination. The absence of a quality control process to verify that approvals are based on established qualification criteria increases the risk of unqualified individuals being licensed. Although Board staff stated that applications are generally straight-forward and expressed confidence in the application specialist’s judgment, staff acknowledged that implementing a secondary review of a sample of applications could help mitigate these risks.
- **Did not require that applicants certify all information submitted was true and correct, increasing the risk of applications being approved with inaccurate, incomplete, or misleading information**—Board’s rules require it to obtain an application with a signature from the applicant verifying that the information provided is true and correct, but as of December 2023, the Board required applications to be submitted online and the licensing system was not configured to obtain an applicant’s signature.¹⁶ By not requiring applicants to certify that all information provided was true and correct, the Board is at increased risk of approving applications that contain misleading or inaccurate information. The Board reported that, as of May 2025, it is in process of drafting updated rules to allow applicants to certify that information provided is true and correct by a digital signature.
- **Did not evaluate the reasonableness of its fees, resulting in the Board charging fees in excess of the cost necessary to provide services**—Government fee-setting standards state that fees should be reviewed periodically and align with the cost of providing services.¹⁷ Although the

¹⁵ A.R.S. §§32-513(3), 32-531(6), and 32-532(3)(g).

¹⁶ A.A.C. R4-10-201(A)(1)(d), R4-10-202(A)(3)(f), R4-10-A202(B)(11) R4-10-B201(A)(3)(f), R4-10-B202(3)(e) and R4-10-402(3).

¹⁷ We reviewed a legislative study on fee setting practices of government agencies (see Appendix B, page b-2, for more information).

Board established a policy to perform a fee cost analysis, the Board had not assessed whether its licensing and registration fees were reasonable to support actual service costs.¹⁸ As shown in Table 2 (see page 8), the Board's fiscal year 2025 estimated year-end fund balance was \$4.6 million—more than 150% of its annual operating expenditures. By not evaluating the reasonableness of its fees, the Board may be collecting more revenues than needed to pay for the costs of its operations and has accumulated an unnecessary surplus in its fund balance. Board staff indicated that since the 2021 consolidation, other priorities, such as integrating licensing systems and aligning statutes, had taken precedence over conducting a fee evaluation (see Introduction section, page 3, for more information on the Board's consolidation).

- **Did not adequately configure its database, resulting in unreliable data and limiting its ability to assess whether key statutory responsibilities are being completed in a timely manner**—Statute requires the Board to make and maintain a record of its acts and proceedings, including the issuance, denial, renewal, suspension, or revocation of licenses and registrations.¹⁹ However, our review of data provided by the Board found that its database was not configured to accurately track or report key dates related to applications and complaints. For example, although the Board was able to run a report of complaints that were received between 2 dates, the report included inaccurate information such as the incorrect date the complaint was closed. Due to this, we were unable to determine the timeliness of application processing and complaint resolution for all applications approved or denied and complaints adjudicated during our audit period.²⁰ Board staff indicated that the Board completed a system conversion in December 2023, were aware of the issues, and were working with the database vendor to implement a resolution.
- **Did not establish some safeguards in its cash-handling procedures, increasing the risk that errors and fraud could occur and go undetected**—The Arizona Department of Administration established cash-handling requirements in the *State of Arizona Accounting Manual* (SAAM) to ensure all State monies are properly safeguarded. The SAAM requires State agencies, including the Board to implement policies and procedures that provide effective internal controls over cash receipts including separating duties of receiving, recording, depositing, and reconciling payments to prevent misappropriation of funds. These controls are intended to safeguard cash, prevent misappropriation, and ensure financial transparency.

Although the Board had established some cash-handling procedures, based on our review of the procedures for fiscal year 2024, we identified some weaknesses in its controls. Specifically, 1 staff member was responsible for inputting payments into the licensing database and preparing deposits.²¹ According to SAAM, when a segregation of duties is not possible at an agency, the

¹⁸ The Auditor General previously identified this issue in its 2021 sunset review of the Arizona State Board of Barbers, for more information regarding the status of previous recommendations, see Appendix A, page a-4.

¹⁹ A.R.S. §32-504(A)(4).

²⁰ Since we were unable to rely on the Board's database to analyze its overall timeliness, the results of our procedures are based on a sample (see Appendix B, pages b-1 through b-3, for information on our sampling methodology).

²¹ According to SAAM Topic 05, Section 10, Paragraph 4.8.3, personnel responsible for handing or counting cash receipts should not make bank deposits.

agency may establish alternate procedures that control the risk of unauthorized transactions.^{22,23} However, the Board had not implemented procedures to reconcile cash receipts recorded in its licensing database with the amounts deposited in its account nor had it established procedures to reconcile deposits with receipts documented on its mail log. By lacking appropriate segregation of duties and failing to implement procedures to detect or prevent errors and irregularities, the Board increased its risk that errors or fraud could occur and go undetected. Upon bringing these issues to the Board's attention, the Board revised its process in January 2025 to have an individual independent of the cash-handling process reconcile deposits recorded on its mail log with its licensing database and accounting records for daily cash payments received through the mail. However, the Board had not established a process for reconciling its cash receipts with licenses issued according to its licensing database.

- **Did not take action to prevent unlicensed individuals from operating, increasing risks to public health and safety and undermining Board's regulatory authority**—A primary responsibility of the Board is to regulate the barbering and cosmetology industry and statute authorizes the Board to seek injunctions through the Arizona Superior Court to stop unlicensed practice.²⁴ Our review of the Board's complaint and inspection processes found that the Board does not take action against individuals providing services without a license, despite having statutory authority to seek injunctions through the Arizona Superior Court to stop unlicensed practice. Specifically, when the Board receives a complaint about an unlicensed individual, it does not open a formal complaint and considers the matter outside its jurisdiction. Similarly, during inspections, if unlicensed individuals are found working within an establishment, the Board takes action against the establishment but does not pursue action to prevent unlicensed individuals from operating. Although the Board had a process to discipline establishments for allowing unlicensed individuals to work in their establishment, the Board did not have a policy or procedures outlining a process to take necessary steps to stop unlicensed individuals from operating without a license. Board staff reported the Board lacked sufficient budgeted legal funds and availability of Board staff to pursue court-ordered injunctions. Our review of Board statutes found that the Board does not have cease and desist authority and therefore filing injunctions through the judicial process is its only recourse. Failure to take action against unlicensed individuals undermines the Board's regulatory authority and may diminish the perceived value of licensure. This inaction could discourage compliance with licensure requirements and increase risks to public health and safety, particularly if unqualified individuals continue providing services without oversight.

Failure to take action against unlicensed individuals undermines the Board's regulatory authority and may diminish the perceived value of licensure. This inaction could discourage compliance with licensure requirements and increase risks to public health and safety, particularly if unqualified individuals continue providing services without oversight.

²² SAAM Topic 05, Section 07.

²³ The Auditor General previously identified this issue in its 2021 sunset review of the Arizona State Board of Barbers, for more information regarding the status of previous recommendations, see Appendix A, pages a-4 and a-5.

²⁴ A.R.S. §32-575.

- **Inspections did not comply with statutory and rule requirements, allowing critical compliance issues to go unaddressed and may have compromised licensees' rights, and increasing risks to public health and safety**—Our review of the Board's inspection practices, including onsite observations and documentation review, found multiple deficiencies including noncompliance with statutory and administrative rule requirements that resulted in increased risk to public health and safety. Specifically:
 - **Inspection form lacked required inspection elements**—Although the Board's rules outline elements to be observed during an inspection, our review of the Board's inspection form found that it did not include all elements required by rule that inspectors must review during an inspection.^{25,26} For example, Board rules outline specific products and techniques permitted for conducting a skin peeling service that should be observed during an inspection, but the form does not prompt inspectors to verify compliance with this rule.²⁷ Board staff reported that the excluded items were due to space limitations on the paper-based form. Board staff further reported that it prioritized including the most critical elements, but that it is currently working with a vendor to transition to digital-based form that will include all statutory requirements.
 - **Required disclosures to licensees were incomplete**—Our review of Board form and inspection observations found that the Board had not included all required disclosures to inspected establishments because the Board form excluded certain requirements. State law requires agency inspectors to present written disclosures to regulated individuals during inspections.²⁸ For instance, the form did not inform licensees of the time limit or statute of limitations for the Board's inspector to file a compliance action against the regulated persons arising from the inspection.²⁹ Additionally, the Board failed to inform the licensee of their right to have legal or professional representation without facing adverse treatment.³⁰ Board staff were unaware that there were missing requirements and immediately updated the form upon bringing it to their attention in March 2025, which we subsequently reviewed and found that all required disclosures were included.
 - **Board did not consistently provide monthly updates to licensees on inspection-related actions**—Statute requires the Board to provide licensees with monthly updates on the status of any agency action initiated as a result of an inspection.³¹ Our review of 16 complaints opened by the Board as a result of inspections violations in calendar year 2024, found that in 4 cases, the Board failed to provide these required monthly status updates. The Board reported that the individual responsible for providing these updates

²⁵ A.A.C. R4-10-114(C).

²⁶ The Auditor General previously identified this issue in its 2021 sunset review of the Arizona State Board of Barbers, for more information regarding the status of previous recommendations, see Appendix A, pages a-3 and a-4.

²⁷ A.A.C. R4-10-112(P).

²⁸ A.R.S. §41-1009(B).

²⁹ A.R.S. §41-1009(B)(6).

³⁰ A.R.S. §41-1009(B)(4).

³¹ A.R.S. §41-1009(J).

did not follow the Board’s policy. For more information on our sampling method, see Appendix B, pages b-1 through b-3.

Conducting inspections that do not comply with rule requirements may result in oversight gaps, allowing critical compliance issues to go unaddressed and increasing risks to public health and safety. For example, when the inspection form used by inspectors does not include requirements such as checking that workstations are properly disinfected and products and supplies properly stored, they may not review them as part of their inspection process. In addition, failure to ensure that inspections and related communications adhere to statutory requirements may expose the Board to legal challenges and increase the risk of noncompliance with applicable laws.

- **Board lacked policies and procedures to ensure it only inspected establishments within its jurisdiction, wasting or inefficiently using Board resources and potentially exposing the Board to legal challenges and intergovernmental conflict**—Statute requires the Board to inspect establishments on a regular basis.³² However, we identified 1 instance in which Board staff conducted an inspection of a nail establishment located on tribal land. Although the individual working at the establishment was properly licensed, the Board lacked jurisdiction to inspect the location because tribal lands are sovereign and generally not subject to State regulatory oversight without tribal consent.³³ Based on our review, as of May 2025, the Board lacked policies and procedures to ensure it only inspects establishments within its jurisdiction.

Conducting inspections outside the Board’s jurisdiction is a waste or inefficient use of Board resources and may expose the Board to legal challenges and intergovernmental conflict if it attempts to impose authority where other agencies have jurisdiction. For example, as mentioned above, an investigator inspected an establishment on tribal land and subsequently opened a complaint in March 2024 based on inspection violations, but the Board had to dismiss the complaint upon becoming aware it had inspected and opened a complaint for an establishment outside its jurisdiction.

- **Board did not follow its policy to refer complaints outside of its jurisdiction, potentially increasing the risk to public health and safety**—Board policy requires that when a complaint does not fall under its authority, the Board must refer it to the appropriate agency. However, our review of 1 complaint the Board received involving an establishment operating in California found that although staff correctly determined the matter was outside the Board’s jurisdiction and dismissed the complaint, it did not refer the complainant to or notify the appropriate California regulatory body of the complaint. By not referring the complaint to the appropriate oversight authority, the Board did not comply with its policy and may have increased the risk to public health and safety.
- **Board had not implemented a comprehensive risk-based inspection program, hindering its ability to detect and correct compliance issues and increasing the risk to public health and safety**—Although the Board has a policy to reinspect establishments with previous violations because it considers them to be a higher risk to public health and safety, it lacks a policy

³² A.R.S. §32-542.

³³ U.S. Department of the Interior, Bureau of Indian Affairs. (n.d.). *Frequently Asked Questions*. Retrieved 6/3/2025, from <https://www.bia.gov/frequently-asked-questions>.

containing risk factors to help identify high-risk establishments that have no previous violations.³⁴ The Board reported that its goal and practice is to inspect each licensed establishment at least once every 2 years and that it performed 3,087 inspections during calendar year 2024. At its current inspection rate, the Board is projected to perform an estimated 6,174 inspections, or 37%, of the 16,666 establishments it oversees in the 2-year period (see Table 1, pages 5 and 6). As a result of not implementing a risk-based approach to inspecting establishments, the Board increases the risk that compliance issues are not detected and addressed, increasing the risk to public health and safety. Specifically, because the Board is unable to inspect all establishments within 2 years using its current approach, not prioritizing high-risk establishments, some establishments, potentially those posing a higher risk to public health and safety, may go uninspected for extended periods of time.

Recommendations to the Board

3. Continue obtaining and reviewing citizenship and work authorization documentation submitted by licensees during the renewal process for cosmetology, aesthetics, hairstyling, nail technicians, and eyelash technicians.
4. Complete the development of the infection prevention, sanitation, and law classes and require applicants to take the class to comply with statute.
5. Develop and implement a secondary review process to ensure applicants for licensure meet statutory requirements.
6. Comply with its rules to obtain an applicant's signature attesting that information provided is true and correct or update its rules to change the requirement.
7. Develop and implement written policies and procedures to annually analyze fees to determine their reasonableness.
8. Ensure the Board's database system can produce accurate reports, including the progress/status of applications, complaints, and inspections.
9. Continue its newly implemented process for segregating duties related to cash-handling.
10. Develop and implement a process for reconciling cash receipts to its licensing database.
11. Develop and implement policies and procedures to take necessary steps to stop unlicensed individuals from operating without a license, to include using its statutory authority to seek injunctions through the Arizona Superior Court.
12. Update its inspection form to include all rule requirements, including providing guidance to the inspector on how to assess the licensees' compliance with the rule.
13. Provide all statutorily required disclosures to establishments during inspections.
14. Follow its policy to send monthly status reports to establishments for inspections that identified violations of statute and/or rule.

³⁴ The Auditor General previously identified this issue in its 2021 sunset review of the Arizona State Board of Barbers, for more information regarding the status of previous recommendations, see Appendix A, page a-2.

15. Develop and implement written policies and procedures for investigators to research their routine inspections to determine if establishments are within the Board’s jurisdiction to ensure inspectors only inspect establishments within the Board’s jurisdiction.
16. Follow its policy to refer complaints to the appropriate authorities when the complaint is not within its jurisdiction.
17. Update its risk-based inspection program to include risk factors that will be considered to determine which establishments to inspect as part of the Board’s routine inspections.

Board response: As outlined in its [response](#), the Board agrees with the findings and will implement the recommendations.

Sunset factor 3: The extent to which the Board’s key statutory objectives and purposes duplicate the objectives and purposes of other governmental agencies or private enterprises.

Our review did not identify any other governmental agencies or private enterprises with the same key statutory objectives and purposes as the Board. For example, we did not identify any federal agency or private entity with authority to regulate the licenses overseen by the Board. Additionally, according to the U.S. Bureau of Labor Statistics, all 50 states require skincare specialists, barbers, hairstylists, and cosmetologists to be licensed by a state regulatory entity.³⁵

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

Our review of the Board’s statutes and rules found that the Board adopted rules when required to do so. However, as shown in Table 3, page 22, we identified some of the Board’s rules that were inconsistent with statutory requirements. Board staff indicated that they were aware of the differences between statute and rule and had begun compiling and drafting rule changes to address them in December 2024 with the expectation of presenting to the Board for its review by the end of 2025.

³⁵ Bureau of Labor Statistics, U.S. Department of Labor, *Occupational Outlook Handbook, Barber, Hairstylist, or Cosmetologist*. Retrieved 2/3/2025 from <https://www.bls.gov/ooh/personal-care-and-service/barbers-hairstylists-and-cosmetologists.htm> and Bureau of Labor Statistics, U.S. Department of Labor, *Occupational Outlook Handbook, Skincare Specialists*. Retrieved 2/3/2025 from <https://www.bls.gov/ooh/personal-care-and-service/skincare-specialists.htm>.

Table 3: Comparison of inconsistent Board rules and statutes

Rule	Statute
A.A.C. R4-10-204: requires educational requirements if inactive >2 years.	A.R.S. §32-518 & 32-537 requires educational requirements if inactive 1-5 years.
A.A.C. R4-10-202 requires applicants to submit proof that the applicant completed 2 years of high school education or its equivalent. Rule also references a statute that no longer exists due to consolidation of boards.	A.R.S. §§32-510(2), 32-511(2), 32-512(2), 32-512.01(2), 32-512.02(B)(1), and 32-519(A)(2) state that if an applicant is 18 years of age, high school or equivalent is not required.
A.A.C. R4-10-102(E)(6): Board may charge up to 25¢ per name for a list of licensees' names and mailing addresses. ¹	A.R.S. §32-507(14): allows the Board to charge up to 10¢ per name.
A.A.C. R4-10-102(B)(3)(b): \$85 for a change in location or ownership.	A.R.S. §§A.R.S 32-545(A) and 32-507(3): do not allow an establishment to change its location or ownership. An establishment must submit an application as a new establishment and the Board may charge up to \$250 for a new barber establishment license.

¹ In practice, the Board reported that it is currently charging 3.5¢ per name.

Source: Walker & Armstrong staff review of Board statutes and rules.

Recommendation to the Board

18. Update rules R4-10-204, R4-10-202, and R4-10-102 to be consistent with statute.

Board response: As outlined in its [response](#), the Board agrees with the finding and will implement the recommendation.

Sunset factor 5: The extent to which the Board has provided appropriate public access to records, meetings, and rulemakings, including soliciting public input in making rules and decisions.

The Board has encouraged input from the public before adopting its rules and informed the public of its actions and expected impacts and provided certain information on licensees. Specifically, the Board:

- **Involved the public in adopting rules**—The Board informed the public of its rulemaking and their expected impacts and provided opportunities for public input for rules it finalized in March 2024. Specifically, the Board published notices of its proposed rulemakings in the Arizona Administrative Register and included a statement detailing these proposed rules' impact on the public. Additionally, the Board provided contact information in the notices for Board staff who would receive public input about the proposed rulemaking in the notice, as well as provided information on the time and place where a public meeting would be held.³⁶

³⁶ According to the Notice of Final Rulemaking for R4-10, finalized in March of 2024, the Board received 16 public comments, all of which the Board considered and incorporated 2 into changes as part of the rulemaking.

- **Provided sufficient public information in response to anonymous phone calls we made—** Statute requires the Board to maintain and provide public information related to licensees such as the name, address of record, status of license, and disciplinary actions taken against the licensee by the Board.^{37,38} As part of our procedures, we placed 3 anonymous phone calls to the Board and found that the Board pointed us to their website which provides public information such as the licensee’s name, license type, license number, issue date, and license status. Although the Board’s website does not include previous disciplinary actions, Board staff directed us to the online form that may be used to request additional records. Subsequently, we placed 3 public records requests through the Board’s online form and the Board provided appropriate public information. For more information on our sampling method, see Appendix B, pages b-1 through b-3.

However, we identified 2 areas in which the Board can improve its effectiveness and efficiency in providing information to the public. Specifically, the Board:

- **Did not fully comply with open meeting law requirements, potentially leaving the public uninformed on the Board’s proceedings—**State open meeting law requires the Board to post meeting notices and agendas at least 24 hours in advance, in a physical location and on its website, and to post audio recordings of the meeting within 5 days.³⁹ In addition, meeting minutes or recordings must include specific information, such as the date, time, members present, matters considered, and the meeting location.⁴⁰ Although the Board’s written and recorded minutes and agendas included most required elements and were posted both physically and electronically as required, our review of 2 Board meetings found that the minutes did not disclose the meeting location or include a complete description of all legal actions proposed, discussed, or taken, including a record of how each member voted, as required.^{41,42,43} Board staff indicated they were unaware of these requirements and have since revised the chairperson’s script to ensure the location is properly disclosed during meetings. We reviewed the updated script and confirmed that it includes the meeting’s date, time, and location.
- **Has not established a schedule for how long records should be retained, risking difficulty providing sufficient information in response to records requests—**Statute requires State agencies to establish and maintain a schedule proposing how long records should be retained, and submit that proposed schedule to the director of the Arizona State Library, Archives, and Public

³⁷ A.R.S. §39-121 and §39-121.01(B).

³⁸ Arizona State Library, Archives and Public Records. 2018, April 5. *Custom Records Retention Schedule Issued to: Arizona Board of Cosmetology* (Schedule Number: CS-1102) and Arizona State Library, Archives and Public Records. 2018, April 5. *Custom Records Retention Schedule Issued to: Arizona Board of Barber Examiners* (Schedule Number: CS-1099).

³⁹ A.R.S. §38-431.02(G), §32-4801(A)(2), and §38-431.02(A)(1).

⁴⁰ A.R.S. §38-431.01(C)(1).

⁴¹ We reviewed the February and March 2025 Board meetings.

⁴² A.R.S. §38-431.01(C)(4).

⁴³ The Auditor General previously identified this issue in its 2021 sunset review of the Arizona State Board of Barbers, for more information regarding the status of previous recommendations, see Appendix A, page a-7.

Records.⁴⁴ Prior to the Board's 2021 consolidation, the Arizona State Board of Barbers had an approved retention schedule for complaint records of 3 years after resolution, and the Arizona State Board of Cosmetology had an approved retention schedule for complaint records of 5 years after the close of the fiscal year in which they were received.⁴⁵ However, following the 2021 consolidation of the former Arizona State Board of Barbers and the Arizona State Board of Cosmetology, the newly formed Board had not established or submitted a consolidated records retention schedule for approval by the Arizona State Library, Archives, and Public Records. Without clear guidance for record retention, the Board may have difficulty determining what records should be retained, and risks difficulty sufficiently fulfilling associated public records requests.

Additionally, we identified an area in which the Board could improve its effectiveness and efficiency that it resolved in April 2025, based on our review. Specifically, statute requires the Board to clearly post a small business bill of rights on its website.⁴⁶ Our review of the Board's website in April 2025 found that the small business bill of rights was available, however, it was not prominently displayed in a location that is easily accessible to users. When we made the Board aware that the small business bill of rights was not clearly accessible on its website, it agreed and revised the small business bill of rights' placement on its website to ensure greater visibility.

Recommendations to the Board

19. Comply with open meeting law requirements, including disclosing the location of the Board meeting for the record and ensuring that its meeting minutes reflect Board member actions, including a record of how each member voted.
20. Work with the Arizona State Library to update the Board's archives and public records retention schedule for the consolidation of the Arizona State Board of Barbers and Arizona State Board of Cosmetology under Laws 2021, Ch. 334 and follow the updated requirement to provide required information to the public.

Board response: As outlined in its [response](#), the Board agrees with the findings and will implement the recommendations.

Sunset factor 6: The extent to which the Board timely investigated and resolved complaints that are within its jurisdiction.

Our review of a sample of complaints resolved by the Board in calendar year 2024 found that it generally resolved complaints within 180 days (see Appendix B for additional information on our sampling methodology.) However, the Board did not have a process for tracking and monitoring its complaint

⁴⁴ A.R.S. §41-151.14(A).

⁴⁵ Arizona State Library, Archives and Public Records. 2018, April 5. *Custom Records Retention Schedule Issued to: Arizona Board of Cosmetology* (Schedule Number: CS-1102) and Arizona State Library, Archives and Public Records. 2018, April 5. *Custom Records Retention Schedule Issued to: Arizona Board of Barber Examiners* (Schedule Number: CS-1099).

⁴⁶ A.R.S. §41-1001.01(C).

handling process and took inconsistent enforcement action against licensees.⁴⁷ We recommended that the Board develop policies, procedures, and systems to track, monitor, and report on the status of complaints and that it consistently apply its disciplinary guidelines.

Sunset factor 7: The extent to which the level of regulation exercised by the Board is appropriate as compared to other states or best practices, or both.

We compared Arizona’s level of regulation to 3 other states—Tennessee, Washington, and Colorado—and found that while the Board has similar requirements for education and experience, its age requirement for licensure is more stringent than the other states we reviewed (see Table 4, page 26). Specifically:

- **Education and experience**—Arizona’s education and experience requirements for barbering and cosmetology-related licenses generally align with those of other states for barbers, cosmetologists, and nail technicians. Key differences include varying license types and regulatory approaches for aestheticians, Arizona’s higher education hours for hairstylists, significantly lower education hours requirements for eyelash technicians, and a combined education and 1-year experience requirement for instructors, whereas other states require only experience or additional education hours.
- **Age requirements**—Arizona requires applicants to be 18 for all license types or 16 or 17 with 2 years of high school education, whereas many other states allow licensure at ages 16 or 17 without high school education requirements.

In addition, we identified differences in license types and regulatory approaches:

- Tennessee offers a barber technician license, which allows practice under the supervision of a licensed barber after completing 340 hours of education—a license type not offered in Arizona.
- Arizona is the only state we reviewed that requires licensed cosmetologists and aestheticians to register with the regulatory board by applying for a certificate for the use of cosmetic lasers, while other states allow licensed cosmetologists and aestheticians to use lasers without separate registration with the regulatory board.⁴⁸
- Washington and Colorado require aestheticians to obtain specific education for more advanced procedures.⁴⁹ Specifically,
 - Washington distinguishes between 2 license levels: “Esthetician” and “Master Esthetician.” The standard esthetician license requires 750 hours of education and permits basic procedures, such as light chemical peels targeting the outer skin layer. The master esthetician license requires 1,200 hours and authorizes more advanced procedures, including medium-depth peels and permanent hair reduction.

⁴⁷ See Sunset Factor 2, page 16, for more information on the Board’s tracking of complaints and Finding 1, pages 10 through 12, for more information on the Board’s inconsistent enforcement action.

⁴⁸ Consistent with other state regulatory boards, Arizona does not require additional education for the use of cosmetic lasers.

⁴⁹ See Sunset Factor 9, pages 28 through 30, for potential necessary changes.

- Colorado issues a single “Esthetician” license after 600 hours of education. This license allows for basic services like facials and temporary hair removal. To perform procedures—such as chemical peels, manual resurfacing, or permanent/semi-permanent makeup—licensees must complete additional, board-approved training specific to each service.

Table 4: Comparison of age and education hours and experience required for licensure

License type	Age requirement		Education hours and experience requirement ¹	
	Arizona ²	Other states ³	Arizona	Other states
Aesthetician	18	16 – 17	600	600 – 1,200 ⁴
Barber	18	16 – 17	1,200	1,000 – 1,500
Cosmetologist	18	16 – 17	1,500	1,500 – 1,600
Eyelash technician	18	16	30	300
Hairstylist	18	16 – 17	1000	300 – 1,400
Nail technician	18	16 – 17	600	600
Instructor	18	16 – 17	350 and 1 year of experience	300 – 500 ⁵

¹ Experience refers to time spent working in the profession, such as working in a licensed establishment.

² Arizona allows individuals 16 & 17 to be licensed with proof of completion of 2 years of high school education.

³ Tennessee, Washington, and Colorado.

⁴ Washington’s education requirements vary based on the procedures the aesthetician will be performing.

⁵ Colorado requires instructor applicants to have 1 year of experience with no additional education, while Tennessee and Washington require additional education but do not impose experience requirements.

Source: Walker & Armstrong staff review of requirements for licenses in Arizona, Tennessee, Washington, and Colorado.

Sunset factor 8: The extent to which the Board has established safeguards against possible conflicts of interest.

Our review of the Board’s processes to safeguard against possible conflicts of interest found that the Board had not properly disclosed conflicts or provided periodic training. The State’s conflict-of-interest requirements exist to remove or limit the possibility of personal influence from impacting a decision of a public agency employee or public officer. Statute requires employees of public agencies and public officers, including Board members, to avoid conflicts of interest that might influence or affect their official conduct.⁵⁰ These laws require employees/public officers to disclose substantial financial or decision-making interests in a public agency’s official records, either through a signed document or the Board’s official minutes. Statute further requires that employees/public officers who have disclosed conflicts refrain from participating in matters related to the disclosed interests. To help ensure compliance with these requirements, the Arizona Department of Administration’s (ADOA’s) *State Personnel System Employee Handbook* and conflict-of-interest disclosure form (disclosure form) require

⁵⁰ A.R.S. §38-503; Arizona Office of the Attorney General. (2018). *Arizona agency handbook*. Retrieved 7/18/25 from <https://www.azag.gov/office/publications/agency-handbook>.

State employees to disclose if they have any business or decision-making interests, secondary employment, and relatives employed by the State at the time of initial hire and any time there is a change.⁵¹ The ADOA disclosure form also requires State employees to attest that they do not have any of these potential conflicts, if applicable, also known as an “affirmative no.” Finally, A.R.S. §38-509 also requires public agencies to maintain a special file of all documents necessary to memorialize all disclosures of substantial interest and to make this file available for public inspection.

Additionally, in response to conflict-of-interest noncompliance and violations investigated in the past, such as employees/public officers failing to disclose substantial interests and participating in matters related to these interests, the Arizona Auditor General has recommended several practices and actions to various school districts, State agencies, and other public entities.⁵² Further, best practices outline procedures for managing conflicts of interest in government and are designed to help ensure compliance with State conflict-of-interest requirements by reminding employees/public officers of the importance of complying with the State’s conflict-of-interest laws.⁵³ Specifically, conflict-of-interest recommended practices indicate that all public agency employees and public officers complete a disclosure form annually to help remind them to update their disclosure form if their circumstances change and that the form include a field for the employee/public officer to provide an “affirmative no,” if applicable.⁵⁴ These recommended practices also indicate that agencies should develop a formal remediation process and provide periodic training to ensure that identified conflicts are appropriately addressed and help ensure conflict-of-interest requirements are met.

Our review of the Board’s conflict-of-interest practices found that it complied with some State conflict-of-interest requirements and implemented some recommended practices. For example, although there were no Board member recusals during the 2 meetings we observed in February and March 2025, the Board maintained a special file of all disclosures of substantial interest.

However, we identified the following areas that the Board did not comply with conflict-of-interest requirements and best practices during our audit period. Specifically:

- **Board members did not disclose conflicts-of-interest as required by statute, increasing the risk of the Board taking action when a conflict exists**—Our review of Board member disclosure forms for calendar years 2024 and 2025 found that some conflicts that were disclosed in 2024 were not reported again in 2025, despite the interest still existing, such as ongoing affiliations with schools regulated by the Board. Conversely, some affiliations that did not present a conflict were reported as such in 2024. These inconsistencies may have been due, in part, to

⁵¹ Arizona Department of Administration (ADOA). (2025). State personnel system: Employee handbook. Retrieved 6/22/25 from <https://hr.az.gov/resources/employee-handbook>.

⁵² For example, see Auditor General reports 21-402 *Higley Unified School District Criminal Indictment— Conspiracy, Procurement Fraud, Fraudulent Schemes, Misuse of Public Monies, False Return, and Conflict of Interest* and 19-105 *Arizona School Facilities Board—Building Renewal Grant Fund*.

⁵³ Recommended practices we reviewed included: Organisation for Economic Co-operation and Development (OECD). (2003). *Recommendation of the Council on OECD Guidelines for Managing Conflict of Interest in the Public Service* (OECD/LEGAL/0316). Retrieved 6/5/2025 from <https://legalinstruments.oecd.org/public/doc/130/130.en.pdf>; Ethics & Compliance Initiative. (2016). *Conflicts of interest: An ECI benchmarking group resource*. Retrieved 6/5/2025 from <https://www.ethics.org/wp-content/uploads/2021-ECI-WP-Conflicts-of-Interest-Defining-Preventing-Identifying-Addressing.pdf>; and Controller and Auditor General of New Zealand. (2020). *Managing conflicts of interest: A guide for the public sector*. Retrieved 6/5/2025 from <https://oag.parliament.nz/2020/conflicts/docs/conflicts-of-interest.pdf>.

⁵⁴ As previously discussed, the ADOA disclosure form includes a field for the individual to provide an “affirmative no.”

unclear language on the disclosure form, that required disclosure of all affiliations rather than those that may pose a conflict. Upon bringing this to the attention of Board staff, the form was revised to improve clarity and help ensure more accurate reporting. Although we identified cases where Board members did not disclose certain conflicts-of-interest on a disclosure form, our review found no instances that a Board member should have recused themselves from participating in or voting on matters in which a conflict existed. In December 2024, the Board established a process for Board members to recuse themselves from decisions related to disclosed conflicts (see below for more information on the Board’s updated conflict-of-interest disclosure form).

- **The Board did not require annual conflict-of-interest disclosure from Board members and staff or periodic training, consistent with recommended practices, increasing the risk of undisclosed or unrecognized conflicts**—Prior to December 2024, the Board did not follow recommended practices for managing conflicts of interest, as it did not provide periodic training or require Board members and staff to complete annual conflict-of-interest disclosures. This increased the risk of conflicts going undisclosed or unrecognized. However, in December 2024—before the start of our audit in January 2025—the Board adopted revised policies requiring Board members and staff to complete annual conflict-of-interest disclosure forms, either affirming no conflicts exist or identifying any conflicts. The Board also began requiring annual conflict-of-interest training for all members and staff and held its first training under the new policy in January 2025, as confirmed by our review of the training agenda and sign-in sheet.

Recommendations to the Board

21. Use its updated form for annual conflict-of-interest disclosures to help ensure all conflicts of interest are properly disclosed.
22. Continue following the Board’s revised policies and procedures for conflicts of interest, including requiring annual disclosures, periodic training, and Board recusal.

Board response: As outlined in its [response](#), the Board agrees with the findings and will implement the recommendations.

Sunset factor 9: The extent to which changes are necessary for the Board to more efficiently and effectively fulfill its key statutory objectives and purposes or to eliminate statutory responsibilities that are no longer necessary.

We identified 4 statutory changes that could enable the Board to more effectively fulfill its objective and purposes. Specifically,

- **Statutory definition of aesthetics does not align with licensees’ training or scope**—Board staff reported and our review of the Board’s statutes found that the definition of “aesthetics” is overly broad and does not clearly reflect the level of training or types of procedures licensees are authorized to perform. Under current law, aesthetics includes general practices such as cleansing, massaging, and beautifying the skin, and the use of mechanical or electrical devices.⁵⁵ However, the statute does not specify which procedures, tools, or methods are permitted or restricted, creating uncertainty about what services licensed aestheticians may legally perform.

⁵⁵ A.R.S. §32-501(2).

According to the American Academy of Aesthetic Medicine, aesthetics refers to a field of cosmetic procedures aimed at enhancing physical appearance, ranging from non-invasive to minimally invasive techniques.⁵⁶ Board staff reported that some procedures commonly associated with aesthetics—such as neurotoxin or dermal filler injections and medium-depth chemical peels—require advanced training typically overseen by medical regulatory boards and exceed the education required by the Board.

Although licensees may be qualified to perform some services within the scope of aesthetics, many more advanced procedures require training not addressed by the Board’s licensing requirements. Board staff acknowledged that such procedures should fall under the oversight of other health regulatory boards, such as the Arizona Medical Board or Arizona Regulatory Board of Physician Assistants. However, current statute does not clearly delineate which procedures are regulated by each board, leaving gaps in oversight and enforcement.

As discussed above in Sunset Factor 7, pages 25 and 26, we found that other states have specific requirements and exclusions outlined in statute and rule, effectively limiting the scope of practice for these licensees to areas explicitly covered in their training. This oversight may include specifying prohibited procedures in statute, requiring different levels of licensure based on the procedures the applicants are qualified to perform, or requiring applicants to complete targeted education related to the specialized procedures they intend to perform.

Arizona’s lack of clarity and distinction in its statutory definition and licensure structure may result in practitioners performing procedures beyond their training, potentially putting public health and safety at risk.

- **Board lacks authority to issue cease-and-desist orders to unlicensed practitioners**—Our review of the Board’s statutes found that when an individual or facility is operating without a license, the Board’s only recourse is to file for an injunction in superior court in the county where the violation occurred.⁵⁷ While injunctions can stop unauthorized activity, they typically require more time and legal resources due to the involvement of the judicial process. In contrast, other Arizona professional regulatory agencies—such as the Registrar of Contractors, State Board of Optometry, and Real Estate Advisory Board—have statutory authority to issue cease-and-desist orders directly.⁵⁸ The Board reported that granting similar authority to the Board would provide an alternative to more timely respond to stop unlicensed individuals practicing to protect the public. See additional information regarding the Board not filing for injunctions in superior court against unlicensed individuals in Sunset Factor 2, page 17.
- **Statute lacks clarity on training requirements for eyelash technicians**—Board staff reported and our review found that the Board’s statutes related to training requirements for individuals seeking registration to provide eyelash services are unclear. Specifically, in order to register as an eyelash technician, applicants are required by statute to complete 30 hours of education, but statute does not specify minimum standards for the training’s content or duration for applicants

⁵⁶ American Academy of Aesthetic Medicine. (n.d.). *What is Aesthetic Medicine*. Retrieved 4/22/25 from: https://www.aaamed.org/aesthetic_med.php.

⁵⁷ A.R.S. §32-575.

⁵⁸ A.R.S. §32-1166, §32-1751, and §32-2154.

who received training before October 30, 2023.⁵⁹ As a result, the Board has been accepting any form of training—regardless of hours completed or topics covered—for registration applicants who received training before October 30, 2023. The Board’s current curriculum requirements for eyelash technician training programs include topics such as contraindications and allergic reactions, infection control, and health and safety.⁶⁰ As discussed in Sunset Factor 7, pages 25 and 26, all states we reviewed require at least 30 hours of education for eyelash technicians indicating that a minimum level of training is considered necessary to safely provide services to the public. The Board reported that clearer statutory requirements would help ensure that individuals providing eyelash services are properly trained to prevent risks such as allergic reactions, infections, and injuries, thereby better protecting public health and safety.

Recommendations to the Board:

23. Work with the Legislature to make the necessary changes to clearly establish an appropriate scope of practice for aestheticians licensed by the Board.
24. Work with the Legislature to determine if providing the Board the authority to issue cease-and-desist orders to stop unlicensed individuals from operating to protect the health and safety of the public is necessary.
25. Work with the Legislature to specify acceptable training requirements for Board registration for individuals who received eyelash technician training before October 30, 2023.

Board response: As outlined in its [response](#), the Board agrees with the findings and will implement the recommendations.

Sunset factor 10: The extent to which the termination of the Board would significantly affect the public health, safety, or welfare.

Terminating the Board would affect the public’s health, safety, and welfare if its regulatory responsibilities were not transferred to another entity. As stated in Sunset Factor 1 (see page 13), the Board is responsible for the licensing and registration of qualified individuals, barber shops, salons, and schools. It is also responsible for inspecting establishments to ensure compliance with applicable statutes and rules, investigating and adjudicating complaints involving licensees and registrants, and providing public access to licensee and registrant information. These individuals and establishments provide services that involve direct physical contact with clients, including procedures that pose health risks if not performed correctly, such as skin penetration and the use of harsh chemicals. Without proper oversight, there would be an increased risk of bacterial infections and improper use of hazardous chemicals.⁶¹

⁵⁹ A.R.S. §32-519(3).

⁶⁰ A.A.C. R-4-10-B306(C).

⁶¹ Pak, V. M., Powers, M., & Liu, J. (2013). Occupational chemical exposures among cosmetologists: risk of reproductive disorders. *Workplace health & safety*, 61(12), 522–529. Retrieved on April 08, 2025 from <https://doi.org/10.1177/216507991306101204>.

SUMMARY OF RECOMMENDATIONS

Walker & Armstrong makes 25 recommendations to the Board

The Board should:

1. Follow its disciplinary guidelines policy to discipline licensees consistently.
2. Establish and implement written policies and procedures to document circumstances and/or explanations for deviations of disciplinary action from those outlined in the Board's disciplinary guidelines policy (mitigating and aggravating factors).
3. Continue obtaining and reviewing citizenship and work authorization documentation submitted by licensees during the renewal process for cosmetology, aesthetics, hairstyling, nail technicians, and eyelash technicians.
4. Complete the development of the infection prevention, sanitation, and law classes and require applicants to take the class to comply with statute.
5. Develop and implement a secondary review process to ensure applicants for licensure meet statutory requirements.
6. Comply with its rules to obtain an applicant's signature attesting that information provided is true and correct or update its rules to change the requirement.
7. Develop and implement written policies and procedures to annually analyze fees to determine their reasonableness.
8. Ensure the Board's database system can produce accurate reports, including the progress/status of applications, complaints, and inspections.
9. Continue its newly implemented process for segregating duties related to cash-handling.
10. Develop and implement a process for reconciling cash receipts to its licensing database.
11. Develop and implement policies and procedures to take necessary steps to stop unlicensed individuals from operating without a license, to include using its statutory authority to seek injunctions through the Arizona Superior Court.
12. Update its inspection form to include all rule requirements, including providing guidance to the inspector on how to assess the licensees' compliance with the rule.
13. Provide all statutorily required disclosures to establishments during inspections.

14. Follow its policy to send monthly status reports to establishments for inspections that identified violations of statute and/or rule.
15. Develop and implement written policies and procedures for investigators to research their routine inspections to determine if establishments are within the Board's jurisdiction to ensure inspectors only inspect establishments within the Board's jurisdiction.
16. Follow its policy to refer complaints to the appropriate authorities when the complaint is not within its jurisdiction.
17. Update its risk-based inspection program to include risk factors that will be considered to determine which establishments to inspect as part of the Board's routine inspections.
18. Update rules R4-10-204, R4-10-202, and R4-10-102 to be consistent with statute.
19. Comply with open meeting law requirements, including disclosing the location of the Board meeting for the record and ensuring that its meeting minutes reflect Board member actions, including a record of how each member voted.
20. Work with the Arizona State Library to update the Board's archives and public records retention schedule for the consolidation of the Arizona State Board of Barbers and Arizona State Board of Cosmetology under Laws 2021, Ch. 334 and follow the updated requirement to provide required information to the public.
21. Use its updated form for annual conflict-of-interest disclosures to help ensure all conflicts of interest are properly disclosed.
22. Continue following the Board's revised policies and procedures for conflicts of interest, including requiring annual disclosures, periodic training, and Board recusal.
23. Work with the Legislature to make the necessary changes to clearly establish an appropriate scope of practice for aestheticians licensed by the Board.
24. Work with the Legislature to determine if providing the Board the authority to issue cease-and-desist orders to stop unlicensed individuals from operating to protect the health and safety of the public is necessary.
25. Work with the Legislature to specify acceptable training requirements for Board registration for individuals who received eyelash technician training before October 30, 2023.

Board has implemented or implemented in a different manner 10 of 23 recommendations from the 2021 sunset review of the Arizona State Board of Barbers

The Arizona Auditor General's August 2021 Arizona State Board of Barbers performance audit and sunset review found that the Arizona State Board of Barbers 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 created the Arizona Barbering and Cosmetology Board (Board). As a result of this consolidation, the Board is responsible for addressing the audit recommendations. The Arizona Auditor General made 23 recommendations—18 in the performance audit and sunset review and an additional 5 recommendations in subsequent follow up reports—and the Board's status in implementing the recommendations is as follows.

Board's status in implementing 23 recommendations

Implementation status	Number of recommendations
✓ Implemented	8 recommendations
☑ Implemented in a different manner	2 recommendations
⊘ No longer applicable—superseded by new recommendation(s)	13 recommendations

The Board has implemented or implemented in a different manner 10 recommendations. The remaining 13 recommendations are no longer applicable because we identified similar issues during our audit, resulting in new recommendations in Sunset Factors 2, 5 and 8 (see pages 13 through 21, 22 through 24, and 26 through 28) that encompassed or expand on these 13 recommendations.

Recommendations

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.

Status: No longer applicable—superseded by new recommendation(s)

As of March of 2025, the Board has implemented policies to ensure that they are obtaining the required documentation to verify that applicants meet all the statute and rule requirements for all license types. However, as described in Sunset Factor 2 of our sunset review, the Board has not established procedures to verify that all applicants meet all the statute and rule requirements for renewal applicants for all license types. We made a new recommendation in Sunset Factor 2 that incorporates this recommendation (see Sunset Factor 2, pages 14 through 21, recommendations 3 through 6). Therefore, this recommendation is no longer applicable.

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

Status: No longer applicable—superseded by new recommendation(s)

As of March of 2025, the Board has modified its initial license applications to require applicants to submit documentation demonstrating that they meet all the statute and rule requirements for licensure. As described in Sunset Factor 2 of our sunset review, the Board had not obtained documentation to verify that all applicants meet all the statute and rule requirements for renewal applicants for all license types. We made a new recommendation in Sunset Factor 2 that incorporates this recommendation (see Sunset Factor 2, pages 14 through 21, recommendations 3 through 6). Therefore, this recommendation is no longer applicable.

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.

Status: No longer applicable—superseded by new recommendation(s)

As described in Sunset Factor 2, although the Board has developed an inspection policy that addresses some health and sanitation violations, the policy lacks comprehensive risk factors to help identify high-risk establishments. The Board is working with its database vendor to develop modules within their database to report on key factors. We made a new recommendation in Sunset Factor 2 that incorporates this recommendation (see Sunset Factor 2, pages 19 through 21, recommendation 17). Therefore, this recommendation is no longer applicable.

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

Status: Implemented at 36 months

As discussed in the Auditor General’s 36-month follow-up of the 2021 sunset review, effective May 2024, the Board revised its rules to state that Board inspectors may inspect licensed barber establishments at least once every 2 years.⁶² 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.

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.

Status: No longer applicable—superseded by new recommendation(s)

As described in Finding 1, the Board has not established procedures to track and monitor inspections and disciplinary actions and its database is unable to generate reporting on the status of inspections. The Board is working with its database vendor to resolve the reporting issue and will then review its procedures to track and monitor inspections. We made a new recommendation in Sunset Factor 2 that incorporates this recommendation (see Sunset Factor 2, pages 16 through 21, recommendation 8). Therefore, this recommendation is no longer applicable.

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.

Status: Implemented in a different manner at 36 months

As discussed in the Auditor General’s 36-month follow-up of the 2021 sunset review, effective May 2024, 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.

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.

Status: No longer applicable—superseded by new recommendation(s)

As described in Sunset Factor 2, the Board has not revised its inspection form to include all statutory and rule requirements that should be assessed during inspections and lacks specific guidance for how the Board’s staff should assess compliance with these requirements. However, the Board’s staff reported as

⁶² Arizona Auditor General. (2024, December). Arizona Barbering and Cosmetology Board: 36-Month Follow-Up of Report 21-108, August 2021 (Report No. 21 108F). Phoenix, AZ: Arizona Auditor General. Retrieved from Arizona Auditor General website.

part of its implementation of risk-based inspection automation, which it is currently working with a vendor to establish, they will also introduce a newly revised inspection form. This updated form is expected to incorporate all relevant statutory and regulatory requirements, along with accompanying guidance to support consistent and accurate compliance assessments. We made a new recommendation in Sunset Factor 2 that incorporates this recommendation (see Sunset Factor 2, pages 18 through 21, recommendation 12). Therefore, this recommendation is no longer applicable.

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, and determining the appropriate licensing fees, and then revising its fees as needed.

Status: No longer applicable—superseded by new recommendation(s)

As outlined in Sunset Factor 2, the Board has a policy that requires it to perform an annual cost analysis; however, the Board has not evaluated the appropriateness of its fees during our audit period. We made a new recommendation in Sunset Factor 2 that incorporates this recommendation (see Sunset Factor 2, pages 15 through 21, recommendation 7). Therefore, this recommendation is no longer applicable.

9. The Board should develop and implement cash-handling policies and procedures that adhere to SAAM requirements.
 - a) Opening mail with at least 2 Board staff present.

Status: Implemented during the audit

Our review of the Board's cash-handling policies and procedures found that at least 2 Board staff are present during the mail opening process. Board staff open the mail and compile a list of cash receipts received on a cash receipts log. At the end of the process, both Board staff sign the log indicating that they were present and that the list is complete. Our review of the Board's cash-handling logs between January of 2025 and March of 2025 found that the Board consistently followed their process and that signatures from both individuals were present on the log.

- b) Separating the duties of logging cash receipts from licensing functions and preparing cash deposits.

Status: No longer applicable—superseded by new recommendation(s)

As described in Sunset Factor 2, the Board did not have appropriate controls in place to separate duties of licensing and preparing cash deposits. However, the Board has established a new procedure in January 2025 to implement the recommendation. We made a new recommendation in Sunset Factor 2 that incorporates this recommendation (see Sunset Factor 2, pages 16 through 21, recommendation 9). Therefore, this recommendation is no longer applicable.

- c) Limit the number of staff who have access to the safe.

Status: Implemented in a different manner during the audit

Our review of the Board's cash-handling procedures found that the Board no longer uses the safe to store cash receipts until the next deposit date. The current process requires staff to

deposit any cash received by mail with the Central Services Bureau (CSB) on the same day it is received. Additionally, the Board reported that it has changed the safe's combination and restricted access to a limited number of individuals, despite the safe no longer being used for cash storage.

- d) Reconciling cash receipts to the number of licenses issued.

Status: No longer applicable—superseded by new recommendation(s)

As described in Sunset Factor 2, the Board did not have a procedure to reconcile the cash receipts received to the number of licenses issued. We made a new recommendation in Sunset Factor 2 that incorporates this recommendation (see Sunset Factor 2, pages 16 through 21, recommendation 10). Therefore, this recommendation is no longer applicable.

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

10. The Board should develop and implement written policies and procedures to help ensure it complies statutory conflict-of-interest requirements and recommended practices, including:

- 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.

Status: No longer applicable—superseded by new recommendation(s)

As discussed in Sunset Factor 8, the Board members and staff have completed annual conflict-of-interest disclosure forms for fiscal years 2024 and 2025. We made a new recommendation in Sunset Factor 8 that incorporates this recommendation (see Sunset Factor 8, pages 26 through 28, recommendation 22). Therefore, this recommendation is no longer applicable.

- Maintaining all substantial interest disclosures in a special file.

Status: Implemented at 36 months

As discussed in the Auditor General's 36-month follow-up of the 2021 sunset review, 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 2025 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.

- Establishing a process to review and remediate disclosed conflicts.

Status: No longer applicable—superseded by new recommendation(s)

As outlined in Sunset Factor 8, the Board established policies and procedures to review and remediate disclosed conflicts of interest. We made a new recommendation in Sunset Factor 8 that incorporates this recommendation (see Sunset Factor 8, pages 26 through 28, recommendation 22). Therefore, this recommendation is no longer applicable.

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.

Status: No longer applicable—superseded by new recommendation(s)

As described in Sunset Factor 8, the Board has established a process to provide annual training and completed its first training in January 2025. We made a new recommendation in Sunset Factor 8 that incorporates this recommendation (see Sunset Factor 8, pages 26 through 28, recommendation 22). Therefore, this recommendation is no longer applicable.

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

Status: Implemented at 36 months

As discussed in the Auditor General's 36-month follow-up of the 2021 sunset review, 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.

Status: Implemented at 36 months

As discussed in the Auditor General's 36-month follow-up of the 2021 sunset review, 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.⁶³

⁶³ 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.

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.

Status: No longer applicable—superseded by new recommendation(s)

As discussed in Sunset Factor 5 the Board's minutes did not reflect accurate Board member actions. In addition, our review of the Board's website in January 2025 found a statement on where the physical meeting notices will be posted. However, as described in Sunset Factor 5, our review of Board meetings in February and March 2025 found that the minutes did not reflect how each member voted for legal actions taken by the Board. We made a new recommendation in Sunset Factor 2 that incorporates this recommendation (see Sunset Factor 5, pages 22 through 24, recommendation 19). Therefore, this recommendation is no longer applicable.

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.

Status: Implemented during the audit

Our January 2025 review of the Board's website confirmed that the required public statement, informing individuals that additional public records are available upon request, was properly included. The statement was located on the Public Information Request page under the 'Contact Us' tab of the Board's homepage. This placement is appropriate and effectively provides the public with the information required by statute.

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

Status: Implemented during the audit

Our review of the Board's process for training staff on handling public information requests found that staff are now receiving formal training. While the Board's policy included procedural guidance for processing requests, it lacked comprehensive direction on what information may or may not be disclosed, including guidance on redaction. The Board updated the policy during our onsite review to include what items should be redacted. We recommend that the Board further evaluate and refine its public information policy to ensure it provides clear, comprehensive guidance to staff.

Sunset Factor 6: The extent to 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.

Status: No longer applicable—superseded by new recommendation(s)

As discussed in Finding 1, the Board has developed some complaint-handling procedures to ensure that complaints are timely opened, but the Board's database is not able to produce reliable information for tracking the status of complaints and the Board has not established procedures to effectively monitor its complaint-handling process. We made a new recommendation in Sunset Factor 2 that incorporates this recommendation (see Sunset Factor 2, pages 16 through 21, recommendation 8). Therefore, this recommendation is no longer applicable.

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.

Status: Implemented at 36 months

As discussed in the Auditor General's 36-month follow-up of the 2021 sunset review, 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.⁶⁴

⁶⁴ The chapter heading of Arizona Revised Statutes title 32, chapter 5, is changed from "Cosmetology" to "Barbering and Cosmetology."

Scope and methodology

We have conducted a performance audit and sunset review of the Board on behalf of the Arizona Auditor General pursuant to a November 21, 2022, resolution of the Joint Legislative Audit Committee. The audit was conducted as part of the sunset review process prescribed in A.R.S. §41-2951 et seq.

We used various methods to address the audit's objectives. These methods included reviewing the Board's statutes, rules, website, policies and procedures, and supporting documentation, and interviewing Board staff. In addition, we used the following specific methods to meet the audit objectives:

- **License issuance and renewal**—To determine whether the Board issued and renewed licenses in accordance with statute and rule requirements, we reviewed information from the Board's files and database for several samples of license applications, including initial and renewal applications approved or denied in calendar year 2024. Our work included reviewing the application files and associated documents, such as exam scores, proof of citizenship, invoice payments and other applicable documents. The applications we reviewed were as follows:
 - 25 initial applications consisting of a stratified random sample of 15 licenses and 10 registrations from 6,852 individual initial applications approved by the Board in calendar year 2024.
 - 7 initial applications consisting of a stratified random sample of 4 establishment licenses and 3 instructor licenses from 3,029 establishment and instructor initial applications approved by the Board in calendar year 2024.
 - 8 of 46 initial applications consisting of a stratified random sample of individual initial applications denied by the Board in calendar year 2024.
 - A random sample of 10 of 2,042 barber license renewal applications approved by the Board in calendar year 2024.
- **Complaint-handling and timeliness of resolution**—We reviewed the Board's complaint files and database information and selected a random sample of 25 of 646 complaints recorded in the Board's database as closed in calendar year 2024, including those received from the public and those opened as a result of inspection violations. Additionally, we randomly selected 5 of 358 complaints that were reported as open as of the end of calendar year 2024.
- **Public information**—We reviewed the licensee information on the Board's website for complaints selected for testing as well as the related Board minutes and agendas. We placed 3 anonymous phone calls from personal phone numbers between December 2024 and January 2025 to assess whether the information provided was accurate and consistent with statutory requirements. We assigned 3 Walker & Armstrong staff to call the Board during business hours

over the course of 2 months and ask a series of questions to determine whether Board staff would provide public information and/or non-public information. We created 9 questions related to 3 licensees (3 questions per licensee) to ask Board staff; some of the questions were items the Board staff should provide and others were items they should not provide. To keep the calls anonymous and not associated with Walker & Armstrong, the calls were made from our personal phones, instead of using our business lines.

- **Fee setting**—To assess the Board’s fee-setting practices, we interviewed the Board’s Executive and Deputy Directors; reviewed and compared the Board’s statutes, rules, and policies; and reviewed the Board’s revenues, expenditures, and fund balance for fiscal years 2023 and 2024 and estimates for fiscal year 2025. In addition, we reviewed a study of fee-setting practices of government agencies to review recommended practices for government agencies.⁶⁵
- **Conflicts of interest**—To assess the Board’s compliance with State conflict-of-interest requirements, we reviewed the Board’s sunset factor response and evaluated whether the Board’s conflict-of-interest practices comply with the State’s conflict-of-interest statutes (A.R.S. §38-501 et seq. and the Arizona Attorney General’s Agency Handbook, Ch. 8) and recommended practices by: reviewing the Board’s policies, procedures, and processes for ensuring the Board complies with the State’s conflict-of-interest statutes and recommended practices; and reviewing the Board’s compliance with State conflict-of-interest requirements and its policies and procedures by reviewing employee/Board member conflict-of-interest disclosure forms for 2024 for Board members and staff, conflict-of-interest disclosure forms for fiscal year 2025 for Board members, reviewing the Board’s special file of conflict-of-interest forms, reviewing Board meeting minutes for fiscal year 2024, and observing Board meetings held in February and March 2025 to observe the Board’s process during meetings.
- **Introductory information**—To obtain information for the introductory section of our report, we reviewed the Board’s website, information provided by the Board regarding staffing, and active licenses as of April and June 2025, respectively. In addition, we compiled and analyzed unaudited financial information from the ADOA prepared monthly financial reporting files and the State of Arizona *Annual Financial Report* for fiscal years 2023 and 2024, and Board and ADOA provided estimates for fiscal year 2025.
- **Other information for sunset factors**—To obtain additional information for the sunset factors section of our report, we reviewed the Arizona Administrative Register regarding the Board’s proposed rulemaking and final rulemaking made in fiscal year 2023 and 2024, respectively. We assessed the Board’s compliance with various provisions of the State’s open meeting law for 2 Board meetings held in February and March 2025. In addition, we reviewed the level of regulation of boards of barbering and cosmetologists from the states of Washington, Tennessee, and Colorado by reviewing each state’s statute, board rules, and websites.

⁶⁵ Mississippi Joint Legislative Committee on Performance Evaluation and Expenditure Review. (2002). *State agency fees: FY 2001 collections and potential new fee revenues* (Report No. 442). Retrieved February 18, 2025, from https://www.peer.ms.gov/sites/default/files/peer_publications/rpt442.pdf.

Our evaluation of the Board’s internal controls included reviewing the Board’s policies and procedures for ensuring compliance with Board statutes and rules and, where applicable, testing its compliance with these policies and procedures. We reported our conclusions on any internal control deficiencies in our findings and responses to the statutory sunset factors.

We selected our audit samples to provide sufficient evidence to support our findings, conclusions, and recommendations. Unless otherwise noted, the results of our testing of these samples are not intended to be projected to the population as a whole.

We conducted this performance audit and sunset review in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We express our appreciation to the Board, its Executive Director, and staff for their cooperation and assistance throughout the audit, as well as the Arizona Auditor General’s Office for their support.

BOARD RESPONSE



Arizona Barbering & Cosmetology Board
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Katie Hobbs
Governor

Frank L. Migali
Executive Director

September 19, 2025

Lisa S. Parke, CPA
Walker & Armstrong
1850 N. Central Ave., Suite 400
Phoenix, AZ 85004

Dear Ms. Parke,

The Arizona Barbering & Cosmetology Board has reviewed and responded to the Performance Audit and Sunset Review. We've enclosed the full response for your review.

We want to express our appreciation for the professionalism and courtesy demonstrated by your staff and the team at Walker & Armstrong. We believe this collaboration has fostered a transparent and professional working relationship.

The Board has already begun to address the findings and implement the recommendations from the audit. We look forward to meeting with the Committees of Reference in both chambers of the Arizona Legislature to present the positive changes that are already underway.

Sincerely,

 Digitally signed by Frank L. Migali
Date: 2025.09.19 13:23:29 -07'00'

Frank L. Migali, MBA
Executive Director

Enclosure: Board's Response

Cc: Gary Begley, Board Chair

Finding 1: Board failed to take enforcement action against licensees for violations consistent with its policy, increasing the risk of harm to the public and unequal treatment of licensees.

Board response: The finding is agreed to.

Response explanation: The Board accepts the finding and will begin implementing the recommendations.

Recommendation 1: Follow its disciplinary guidelines policy to discipline licensees consistently.

Board response: The audit recommendation will be implemented.

Response explanation: Board members will follow its disciplinary guidelines policy to ensure licensees are disciplined consistently.

Recommendation 2: Establish and implement written policies and procedures to document circumstances and/or explanations for deviations of disciplinary action from those outlined in the Board's disciplinary guidelines policy (mitigating and aggravating factors).

Board response: The audit recommendation will be implemented.

Response explanation: The Board will establish and implement written policies and procedures to document all mitigating and aggravating factors that lead Board members to a deviation from its disciplinary guidelines.

Sunset factor 2: The Board's effectiveness and efficiency in fulfilling its key statutory objectives and purposes.

Board did not verify work authorization for most renewal applicants, and risks failing to fulfill its responsibility to enforce licensure laws consistently and equally across all license types.

Board response: The finding is agreed to.

Response explanation: The Board accepts the sunset factor finding and will begin implementing the recommendation.

Recommendation 3: Continue obtaining and reviewing citizenship and work authorization documentation submitted by licensees during the renewal process for cosmetology, aesthetics, hairstyling, nail technicians, and eyelash technicians.

Board response: The audit recommendation will be implemented.

Response explanation: The Board has implemented a process to collect lawful residence documentation from all new and renewal applicants. This requirement is built into the Licensing System for both applications and renewals. Full implementation is anticipated by February 2027, coinciding with the completion of the current two-year renewal cycle.

Board did not verify that initial applicants met all requirements for licensure.

Board response: The finding is agreed to.

Response explanation: The Board accepts the sunset factor finding and will begin implementing the recommendation.

Recommendation 4: Complete the development of the infection prevention, sanitation, and law classes and require applicants to take the class to comply with statute.

Board response: The audit recommendation will be implemented.

Response explanation: The Board has completed developing the required infection prevention, sanitation, and law course. These courses will be implemented by December 31, 2025, to ensure all applicants meet statutory requirements.

Board lacked a process to ensure staff approved only qualified applicants, increasing the risk of unqualified applicants being approved for licensure.

Board response: The finding is agreed to.

Response explanation: The Board accepts the sunset factor finding and will begin implementing the recommendation.

Recommendation 5: Develop and implement a secondary review process to ensure applicants for licensure meet statutory requirements.

Board response: The audit recommendation will be implemented.

Response explanation: To strengthen oversight and ensure all applicants for licensure meet statutory and regulatory requirements, the Board will develop and implement a quality assurance process that includes a secondary review of a representative sample of completed applications.

Board did not require that applicants certify all information submitted was true and correct, increasing the risk of applications being approved with inaccurate, incomplete, or misleading information.

Board response: The finding is agreed to.

Response explanation: The Board accepts the sunset factor finding and will begin implementing the recommendation.

Recommendation 6: Comply with its rules to obtain an applicant's signature attesting that information provided is true and correct or update its rules to change the requirement.

Board response: The audit recommendation will be implemented.

Response explanation: To comply with its rules, the Board is collaborating with the Licensing System vendor to add electronic signatures for applicants.

Board did not evaluate the reasonableness of its fees, resulting in the Board charging fees in excess of the cost necessary to provide services.

Board response: The finding is agreed to.

Response explanation: The Board accepts the sunset factor finding and will begin implementing the recommendation.

Recommendation 7: Develop and implement written policies and procedures to annually analyze fees to determine their reasonableness.

Board response: The audit recommendation will be implemented.

Response explanation: The Board will develop and implement written policies and procedures to annually analyze fees and ensure their reasonableness.

Board did not adequately configure its database, resulting in unreliable data and limiting its ability to assess whether key statutory responsibilities are being completed in a timely manner.

Board response: The finding is agreed to.

Response explanation: The Board accepts the sunset factor finding and will begin implementing the recommendation.

Recommendation 8: Ensure the Board's database system can produce accurate reports, including the progress/status of applications, complaints, and inspections.

Board response: The audit recommendation will be implemented.

Response explanation: The Board is taking steps to ensure its database system provides accurate reporting on applications, complaints, and inspections. This includes tracking the progress and current status of each item.

Board did not establish some safeguards in its cash-handling procedures, increasing the risk that errors and fraud could occur and go undetected.

Board response: The finding is agreed to.

Response explanation: The Board accepts the sunset factor finding and will begin implementing the recommendations.

Recommendation 9: Continue its newly implemented process for segregating duties related to cash-handling.

Board response: The audit recommendation will be implemented.

Response explanation: The Board will continue its new process for segregating duties related to cash handling to ensure proper financial controls.

Recommendation 10: Develop and implement a process for reconciling cash receipts to its licensing database.

Board response: The audit recommendation will be implemented.

Response explanation: The Board is developing and will implement a process to reconcile all cash receipts with the licensing database. This new process will ensure the accuracy of financial records and licensing data.

Board did not take action to prevent unlicensed individuals from operating, increasing risks to public health and safety and undermining Board's regulatory authority.

Board response: The finding is agreed to.

Response explanation: The Board accepts the sunset factor finding and will begin implementing the recommendation.

Recommendation 11: Develop and implement policies and procedures to take necessary steps to stop unlicensed individuals from operating without a license, to include using its statutory authority to seek injunctions through the Arizona Superior Court.

Board response: The audit recommendation will be implemented.

Response explanation: The Board will develop and implement policies and procedures to take necessary steps to stop unlicensed individuals from operating without a license.

Board inspections did not comply with statutory and rule requirements, allowing critical compliance issues to go unaddressed and may have compromised licensees' rights, and increasing risks to public health and safety.

Board response: The finding is agreed to.

Response explanation: The Board accepts the sunset factor finding and will begin implementing the recommendation.

Recommendation 12: Update its inspection form to include all rule requirements, including providing guidance to the inspector on how to assess the licensees' compliance with the rule.

Board response: The audit recommendation will be implemented.

Response explanation: The Board is in the process of updating its inspection form to ensure all rule requirements are included. The new form will also provide inspectors with clear guidance on how to properly assess compliance.

Recommendation 13: Provide all statutorily required disclosures to establishments during inspections.

Board response: The audit recommendation will be implemented.

Response explanation: The Board has updated its inspection protocol to ensure that all statutorily required disclosures are provided to establishments during every inspection.

Recommendation 14: Follow its policy to send monthly status reports to establishments for inspections that identified violations of statute and/or rule.

Board response: The audit recommendation will be implemented.

Response explanation: The Board has implemented and will continue to follow its policy of sending monthly status reports to establishments where inspections identified violations of statute or rule.

Board lacked policies and procedures to ensure it only inspected establishments within its jurisdiction, wasting or inefficiently using Board resources and potentially exposing the Board to legal challenges and intergovernmental conflict.

Board response: The finding is agreed to.

Response explanation: The Board accepts the sunset factor finding and will begin implementing the recommendation.

Recommendation 15: Develop and implement written policies and procedures for investigators to research their routine inspections to determine if establishments are within the Board's jurisdiction to ensure inspectors only inspect establishments within the Board's jurisdiction.

Board response: The audit recommendation will be implemented.

Response explanation: The Board will develop and implement written policies and procedures to ensure all routine inspections are performed only on establishments within its jurisdiction.

Board did not follow its policy to refer complaints outside of its jurisdiction, potentially increasing the risk to public health and safety.

Board response: The finding is agreed to.

Response explanation: The Board accepts the sunset factor finding and will begin implementing the recommendation.

Recommendation 16: Follow its policy to refer complaints to the appropriate authorities when the complaint is not within its jurisdiction.

Board response: The audit recommendation will be implemented.

Response explanation: The Board will ensure adherence to its policy to refer complaints that are not within its jurisdiction to the appropriate authorities.

Board had not implemented a comprehensive risk-based inspection program, hindering its ability to detect and correct compliance issues and increasing the risk to public health and safety.

Board response: The finding is agreed to.

Response explanation: The Board accepts the sunset factor finding and will begin implementing the recommendation.

Recommendation 17: Update its risk-based inspection program to include risk factors that will be considered to determine which establishments to inspect as part of the Board's routine inspections.

Board response: The audit recommendation will be implemented.

Response explanation: The Board will update its risk-based inspection program to include specific factors for determining which establishments to inspect as part of its routine schedule.

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

Some Board rules that were inconsistent with statutory requirements.

Board response: The finding is agreed to.

Response explanation: The Board accepts the sunset factor finding and will begin implementing the recommendation.

Recommendation 18: Update rules R4-10-204, R4-10-202, and R4-10-102 to be consistent with statute.

Board response: The audit recommendation will be implemented.

Response explanation: The Board has begun the process of updating rules R4-10-204, R4-10-202, and R4-10-102 to bring them into full consistency with the relevant statutes.

Sunset factor 5: The extent to which the Board has provided appropriate public access to records, meetings, and rulemakings, including soliciting public input in making rules and decisions.

Board did not fully comply with open meeting law requirements, potentially leaving the public uninformed on the Board's proceedings.

Board response: The finding is agreed to.

Response explanation: The Board accepts the sunset factor finding and will begin implementing the recommendation.

Recommendation 19: Comply with open meeting law requirements, including disclosing the location of the Board meeting for the record and ensuring that its meeting minutes reflect Board member actions, including a record of how each member voted.

Board response: The audit recommendation will be implemented.

Response explanation: The Board has implemented this recommendation and will comply with all open meeting law requirements. This includes disclosing the location of meetings for the record and ensuring meeting minutes accurately reflect Board member actions, including how each member voted.

Board has not established a schedule for how long records should be retained, risking difficulty providing sufficient information in response to records requests.

Board response: The finding is agreed to.

Response explanation: The Board accepts the sunset factor finding and will begin implementing the recommendation.

Recommendation 20: Work with the Arizona State Library to update the Board's archives and public records retention schedule for the consolidation of the Arizona State Board of Barbers and Arizona State Board of Cosmetology under Laws 2021, Ch. 334 and follow the updated requirement to provide required information to the public.

Board response: The audit recommendation will be implemented.

Response explanation: The Board, in partnership with the Arizona State Library, has completed the consolidation and update of its archives and public records retention schedule. The new retention schedule took effect on May 2, 2025, and the Board is following its requirements to provide information to the public.

Sunset factor 8: The extent to which the Board has established safeguards against possible conflicts of interest.

Board members did not disclose conflicts-of-interest as required by statute, increasing the risk of the Board taking action when a conflict exists.

Board response: The finding is agreed to.

Response explanation: The Board accepts the sunset factor finding and will begin implementing the recommendation.

Recommendation 21: Use its updated form for annual conflict-of-interest disclosures to help ensure all conflicts of interest are properly disclosed.

Board response: The audit recommendation will be implemented.

Response explanation: The Board has updated and implemented its new annual conflict-of-interest disclosure form. This new form will be used to help ensure all conflicts are properly disclosed.

The Board did not require annual conflict-of-interest disclosure from Board members and staff or periodic training, consistent with recommended practices, increasing the risk of undisclosed or unrecognized conflicts.

Board response: The finding is agreed to.

Response explanation: The Board accepts the sunset factor finding and will begin implementing the recommendation.

Recommendation 22: Continue following the Board's revised policies and procedures for conflicts of interest, including requiring annual disclosures, periodic training, and Board recusal.

Board response: The audit recommendation will be implemented.

Response explanation: The Board is adhering to its updated policies for conflicts of interest, which includes mandatory annual disclosures and periodic training for all staff and members, and voting recusal when a conflict is identified.

Sunset factor 9: The extent to which changes are necessary for the Board to more efficiently and effectively fulfill its key statutory objectives and purposes or to eliminate statutory responsibilities that are no longer necessary.

Statutory definition of aesthetics does not align with licensees' training or scope.

Board response: The finding is agreed to.

Response explanation: The Board accepts the sunset factor finding and will begin implementing the recommendation.

Recommendation 23: Work with the Legislature to make the necessary changes to clearly establish an appropriate scope of practice for aestheticians licensed by the Board.

Board response: The audit recommendation will be implemented.

Response explanation: The Board will proactively engage with the Legislature to propose and support statutory changes that will clearly define an appropriate scope of practice for aestheticians.

Board lacks authority to issue cease-and-desist orders to unlicensed practitioners.

Board response: The finding is agreed to.

Response explanation: The Board accepts the sunset factor finding and will begin implementing the recommendation.

Recommendation 24: Work with the Legislature to determine if providing the Board the authority to issue cease-and-desist orders to stop unlicensed individuals from operating to protect the health and safety of the public is necessary.

Board response: The audit recommendation will be implemented.

Response explanation: The Board will proactively engage with the Legislature to assess the need for the authority to issue cease-and-desist orders. This authority would enable the Board to stop unlicensed individuals from operating, thereby protecting public health and safety.

Board statute lacks clarity on training requirements for eyelash technicians.

Board response: The finding is agreed to.

Response explanation: The Board accepts the sunset factor finding and will begin implementing the recommendation.

Recommendation 25: Work with the Legislature to specify acceptable training requirements for Board registration for individuals who received eyelash technician training before October 30, 2023.

Board response: The audit recommendation will be implemented.

Response explanation: The Board will proactively engage with the Legislature to propose statutory changes that specify acceptable training requirements for individuals who received eyelash technician training before October 30, 2023.