



Arizona State Board of Pharmacy

Physical Address: 1110 W Washington Street Suite 260, Phoenix, AZ 85007

Mailing Address: P.O. Box 18520, Phoenix, AZ 85005

P) 602-771-2727 F) 602-771-2749 <https://pharmacy.az.gov>

September 19, 2025

Dear Mr. Skiles,

On behalf of the Arizona State Board of Pharmacy, we appreciate the opportunity to have worked with your team on the sunset factor review and performance audit. We will continue to build upon the important work we do to serve the residents of Arizona.

Please accept the Board of Pharmacy's final response to the sunset factor review and performance audit. Should you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink that reads "Kam Gandhi".

Kamlesh Gandhi, PharmD
Executive Director

kgandhi@azpharmacy.gov

Enclosure

Finding 1: Board has not sufficiently enforced compliance with CSPMP requirements, impacting the effectiveness of the program to reduce public health risks.

Board response: The finding is agreed to.

Response explanation: The Board of Pharmacy has not been able to sufficiently enforce compliance with requirements for licensed AZ pharmacists. The CSPMP administrators will continue to collaborate with other licensing boards moving forward in order to identify a way to more efficiently and effectively enforce prescriber CSPMP compliance.

Recommendation 1: Verify whether pharmacists complied with statutory requirements to obtain and review a patient-utilization report from the CSPMP before dispensing any Schedule II controlled-substance prescription, where required.

Board response: The audit recommendation will be implemented.

Response explanation: Up to now, the CSPMP administrators have not been able to measure pharmacist mandatory use compliance. If a pharmacist identifier were to be submitted by the pharmacies in each daily data submission, the CSPMP administrators will be able to measure compliance. In the past, stakeholders expressed concerns about the burden levied on pharmacies of submitting the pharmacist identifier. After much research and consideration, the Board of Pharmacy disagrees. The Board of Pharmacy will seek a rule change to require a pharmacist identifier (license number) to be included in each daily data submission.

Recommendation 2: Require pharmacist-level identifiers in dispensation reporting to enable pharmacist compliance monitoring.

Board response: The audit recommendation will be implemented.

Response explanation: The Board of Pharmacy will work with the Board to pursue a rules package to require a pharmacist identifier to be included in each daily data submission. The CSPMP will create a process to identify noncompliant pharmacists upon a successful rules package.

Recommendation 3: Review pharmacy dispensation reporting compliance on a daily basis and notify pharmacies of discrepancies within 24 hours of identified noncompliance.

Board response: The audit recommendation will be implemented.

Response explanation: The Board of Pharmacy will engage the CSPMP vendor to investigate if an automated daily notice to delinquent data submitters can be developed. If the vendor can develop the product and the Board can afford the enhancement, the CSPMP will implement it. Update will be provided during the 6-month follow-up.

Recommendation 4: Develop and implement policies and procedures for Board enforcement activities related to permitted facilities that do not comply with the 24-hour mandatory CSPMP reporting requirement. These policies and procedures should include

guidance for when statutory enforcement tools, such as civil penalties and permit suspension or revocation, should be used.

Board response: The audit recommendation will be implemented in a different manner.

Response explanation: Board staff will work with the Board to update our policies and procedures. Currently, the CSPMP has policies and procedures to address delinquent reporting, but those policies and procedures need to be revised to include guidance for when multiple episodes of noncompliance occur by a data submitter. In addition, the Board staff will work with the Board to create guidance for when statutory enforcement tools will be used. This recommendation should be implemented on or before July 1, 2026.

Finding 2: Despite improvements to CSPMP compliance reporting to other professional licensing boards, thousands of prescribers remain unregistered and/or aren't using the CSPMP, potentially impacting the State's ability to receive CSPMP benefits.

Board response: The finding is agreed to.

Response explanation: The Board agrees that thousands of prescribers are not registered to use the CSPMP and many are not adhering to the mandate to use the CSPMP before prescribing a prescription. The Board of Pharmacy has no enforcement ability on a prescriber and per statute shall report to the appropriate licensing board the failure of licensed prescriber to comply with the CSPMP requirements. The current volume of prescribers that are noncompliant with CSPMP statutes may be unmanageable for the other healthcare board to address on a monthly basis. Increasing the frequency of these noncompliance reports runs the risk of backing up each board to the point where action is never taken.

Recommendation 5: Work with the Governor, President of the Arizona Senate, and Speaker of the Arizona House of Representatives to establish and appoint members to a working group to develop a strategic approach for identifying noncompliant prescribers in the CSPMP, such as establishing requirements to enter information in the CSPMP about exempt prescriptions and/or integrating the system that identifies potential noncompliance with the system that records prescriber queries in the CSPMP.

Board response: The audit recommendation will be implemented.

Response explanation: Board staff will work with the Board to initiate discussions with the Governor's Office, President of the Arizona Senate, and the Speaker of the Arizona House to appoint members to a working group to discuss potential statute changes requiring ICD-10 codes to be written on all controlled substances prescriptions. If that statute change occurs, then another statute change could be pursued to require the ICD-10 codes to be reported to the CSPMP in the daily data submissions. ARS 36-2606(H) provides exemptions to checking the CSPMP. The statute changes mentioned above would provide the administrators of the CSPMP additional data points to allow for the removal of providers that are exempt from CSPMP query requirements from the noncompliant list.

Recommendation 6: Develop and implement a plan that identifies the personnel, information system changes, and methods required to more comprehensively assess non-compliance of prescribers or pharmacies flagged by the CSPMP. This could include selecting a larger review sample of prescribers to determine compliance based on risk, selecting a sample of prescribers randomly, and working with the Governor's Office and Legislature as needed to obtain any necessary resources.

Board response: The audit recommendation will be implemented.

Response explanation: Board staff will work with the Board to develop and implement a plan to more comprehensively assess noncompliance of prescribers and pharmacies flagged by the CSPMP. The Board will provide an update on these efforts at its 6-month follow-up.

Recommendation 7: Based on the plan referenced in Recommendation 6, increase the Board's review of potentially noncompliant prescribers.

Board response: The audit recommendation will be implemented.

Response explanation: Based on the outcome in recommendation 6, the Board will provide an update on these efforts at its 6-month follow-up.

Recommendation 8: Develop and implement a process to at least monthly notify the appropriate Arizona professional licensing boards of prescribers who are not registered with the CSPMP.

Board response: The audit recommendation will be implemented.

Response explanation: Although the Board of Pharmacy has concerns that a monthly list of prescribers that are not registered with the CSPMP will overburden the other healthcare boards, the Board of Pharmacy will send a list of unregistered prescribers to the other regulatory licensing boards on a monthly basis.

Recommendation 9: If statute is revised to require all practitioners who prescribe Schedule II–V drugs in Arizona to obtain a single, Board–issued controlled-substance registration and/or authorize the Board to enforce compliance with CSPMP registration and use requirements, the Board should take steps to implement any statutory provisions and/or requirements included in the revisions, including but not limited to adopting rules as authorized and appropriate, and developing and implementing policies and procedures for complying with statutory requirements.

Board response: The audit recommendation will be implemented.

Response explanation: The Board agrees with the recommendation and recognizes that statutory revision is necessary to grant the Board authority to issue controlled-substance registrations for all Arizona prescribers with a DEA registration and enforce authority on compliance with CSPMP requirements. The Board supports this statutory change and acknowledges its role in implementing the related regulatory framework if enacted. To prepare for potential legislative changes, the Board will take the following proactive steps: 1) Legislative Engagement: The Board will seek sponsorship for a bill during the upcoming legislative session to require all prescribers of Schedule II–V drugs to obtain a

controlled-substance registration issued by the Board. The proposed language will align with public safety objectives and streamline oversight of CSPMP participation. 2) Preliminary Implementation Planning: In anticipation of potential statutory changes, the Board will begin developing a preliminary implementation framework. This includes: Drafting proposed rule concepts and identifying rulemaking authority; Outlining internal policies and procedures for registration issuance, compliance monitoring, and enforcement; Conducting a high-level operational and IT assessment to identify infrastructure and staffing needs. 3) Budget and Resource Planning: The Board will determine the financial and staffing resources needed to implement and sustain a registration program. This will include consideration of system upgrades, staff training, and potential site inspection requirements. The Board will present this analysis to the appropriate legislative and executive budget stakeholders. 4) Implementation Timeline: The Board will evaluate the need for a delayed implementation date as well as a phased roll-out to account for communication and collaboration to ensure successful roll-out. The Board appreciates the Auditor General's recommendation and will continue to prioritize safe and effective prescribing practices across Arizona through enhanced oversight and collaboration.

Finding 3: Board did not timely investigate complaints, increasing public safety risk and placing undue burden on licensees and permit holders.

Board response: The finding is agreed to.

Response explanation: The Board agrees that all complaints should be investigated and adjudicated in a timely manner to ensure public safety and fairness to licensees and permit holders. We recognize the importance of reducing delays and minimizing the burden on all parties involved. While there is no statutory requirement mandating completion of investigations within 180 days, the Board understands that this is a best practice recommendation by the Office of the Auditor General (OAG) and a benchmark intended to promote timely resolution. The Board acknowledges that not all investigations currently meet this target, and we are actively working to improve our performance in this area. It is important to note that many delays are due to factors outside of the Board's direct control, including but not limited to: 1) respondents entering into interim consent agreements and not complying with terms in a timely manner or being subject to prolonged criminal case proceedings; 2) requests for extensions by respondents or their counsel due to new representation, difficulty obtaining records, or other logistical issues; 3) requests to continue scheduled appearances due to conflicts or legal strategy; 4) Board-directed continuances for further investigation or respondent compliance, and; 5) ongoing civil or criminal investigations by partnering agencies, which may require the Board to pause its activities to avoid interference. Despite these challenges, the Board is committed to reducing avoidable delays through the following ongoing efforts: 1) process improvements to streamline internal workflows and reduce case backlog; 2) case prioritization to address complaints involving significant public safety risk more quickly; 3) tracking and reporting mechanisms to monitor case timelines and identify bottlenecks, and; 4) enhanced coordination with partnering agencies to minimize delays caused by overlapping investigations. The Board remains committed to fulfilling its responsibility to protect the public while also ensuring due process and fairness for licensees and permit holders. We will continue to assess and refine our complaint resolution processes to improve timeliness, transparency, and accountability.

Recommendation 10: Investigate and resolve complaints within 180 days.

Board response: The audit recommendation will be implemented.

Response explanation: The Board will implement Recommendations 11-16 to best position itself to investigate and resolve complaints within 180 days.

Recommendation 11: Revise and implement its complaint handling policy to clearly identify and outline each step of the process for which timeliness checks are mandatory according to statute, rule, or recommendation from the Auditor General, or may be warranted based on the priority-level of the complaint.

Board response: The audit recommendation will be implemented.

Response explanation: The Board will revise “Policy 6.1: Complaint Handling” to clearly identify and outline each step of the process for which timeliness checks are mandatory according to statute, rule, recommendations from the Auditor General, and internal prioritization guidelines. The revised policy will enhance transparency and accountability in the complaint process and serve as a reference for staff to ensure compliance with required timelines. These revisions will be fully implemented on or before July 1, 2026.

Recommendation 12: Develop and implement a process for management to review complaint reports of all in-progress and completed complaints and track interim and overall time frames for investigating and resolving complaints to identify bottlenecks and opportunities to improve the complaint handling processes.

Board response: The audit recommendation will be implemented.

Response explanation: The Board will develop and implement a process for management to review reports of all in-progress and completed complaints and track interim and overall time frames for investigating and resolving complaints. This process will help identify patterns, bottlenecks, and areas for process improvement, enabling data-driven decisions to improve complaint handling efficiency. This review process will be fully implemented on or before July 1, 2026.

Recommendation 13: Update policies and procedures outlining time frames for the Executive Director to review complaints referred for dismissal under delegated authority.

Board response: The audit recommendation will be implemented.

Response explanation: The Board will revise “Policy 6.2: Executive Director Dismissals”. The revised policy will include clearly defined time frames for the Executive Director's review of complaints referred for dismissal under delegated authority. These revisions will align with the Board’s governance structure and existing processes, and will ensure clarity around expectations for timely action. These revisions will be fully implemented on or before July 1, 2026.

Recommendation 14: Reduce the time between investigation completion and agendaing for review before the Board by either scheduling Board meetings more frequently, or by shortening the internal deadline for complete investigative packet submission ahead of Board meetings, or both.

Board response: The audit recommendation will be implemented.

Response explanation: The Board acknowledges the need to shorten the gap between case completion and Board review to ensure timely resolution. The Board will explore the feasibility of: 1) scheduling meetings more frequently, and/or 2) shortening internal submission deadlines for finalized investigative materials. These changes will be evaluated based on Board member availability, administrative workload, and case volume. Any adopted changes will be implemented on or before January 1, 2026, and will be reviewed for effectiveness as part of the Board's broader complaint process improvements.

Recommendation 15: Establish a process to document the reason for missing the submission deadline for an upcoming meeting in compliance with policy regarding permissible investigative timeline extensions for extenuating circumstances.

Board response: The audit recommendation will be implemented.

Response explanation: The Board will develop a process to include documentation of the reason for missing the submission deadline for an upcoming meeting. This process will align with revisions to "Policy 6.1: Complaint Handling" regarding permissible investigative timeline extensions for extenuating circumstances. Policy revisions and process changes will be fully implemented on or before July 1, 2026.

Recommendation 16: Ensure the Executive Director timely processes all complaints assigned to them for adjudication and resolution as delegated by the Board, including by revising Board policy to define expected time frames for Executive Director review and action.

Board response: The audit recommendation will be implemented.

Response explanation: The Board will ensure the Executive Director timely processes all complaints assigned for adjudication and resolution and delegated by the Board through its revisions to "Policy 6.2: Executive Director Dismissals". Policy revisions will define expected time frames for Executive Director review and action. In addition, the Board will develop a process to periodically review and follow-up on the unresolved complaints awaiting Executive Director review. The policy revisions and processes will be fully implemented on or before July 1, 2026.

Finding 4: Inconsistent with statute and recommended practices, Board's license and permit fees are not based on costs of providing services, which could have an impact on the Board's financial sustainability.

Board response: The finding is agreed to.

Response explanation: The Board acknowledges the importance of aligning fees with the actual costs of providing regulatory services to ensure long-term financial sustainability. While the Board has consistently operated within its appropriated budget and has not experienced a funding shortfall, it recognizes that basing fees on cost-of-service is a recommended best practice and aligns with transparency and accountability expectations. There is currently no statutory requirement mandating a formal cost analysis or biannual

comparisons of fees to other states. However, the Board understands the value of these practices and has previously sought assistance from the Governor's Accountability Office ("GAO") to evaluate its compliance functions and fee structure. While GAO provided general guidance, it did not facilitate a full cost analysis. A comprehensive, third-party cost analysis would require dedicated resources not currently appropriated in the Board's budget. An independent analysis is necessary, as the Board does not have the knowledge or expertise to design or conduct a methodologically sound cost analysis. The Board remains open to pursuing this effort in the future if funding becomes available or if statutory requirements are amended to support such activities.

Recommendation 17: Ensure that all future fee adjustments comply with statutory requirements for aligning fees with actual and anticipated costs.

Board response: The audit recommendation will be implemented in a different manner.

Response explanation: In order to conduct a comprehensive and methodologically sound cost analysis, the Board will submit a fund issue in FY27 (and ongoing) to hire a third-party to conduct the analysis.

Recommendation 18: Develop and implement formal procedures for a comprehensive cost and fee review into the Board's required 5-year rule review process, including cost analyses to assess whether fees are aligned with the cost of providing regulatory services.

Board response: The audit recommendation will be implemented in a different manner.

Response explanation: In order to conduct a comprehensive and methodologically sound cost analysis, the Board will submit a fund issue in FY27 (and ongoing) to hire a third-party to conduct the analysis.

Recommendation 19: Establish a fund balance policy to define reserve targets and guide the long-term fiscal management of Board resources.

Board response: The audit recommendation will be implemented in a different manner.

Response explanation: The Board will establish a fund balance policy to define reserve targets and guide the long-term fiscal management of Board resources. The policy will take effect upon a fund issue being approved for a third-party to conduct a comprehensive cost analysis.

Recommendation 20: Initiate a rulemaking, including obtaining public and stakeholder input on proposed fees, to establish all fees charged if the Board determines the fee(s) are necessary.

Board response: The audit recommendation will be implemented in a different manner.

Response explanation: Upon completion of a third-party, comprehensive cost analysis, the Board will initiate a rulemaking. This rulemaking will include public and stakeholder input on proposed fees and will establish all fees charged if the Board determines the fee(s) are necessary.

Recommendation 21: Conduct a comprehensive fee analysis that includes identification of each fee the Board charges; a calculation of the direct and indirect costs associated with providing each related service; a comparison of each fee to the associated cost of service; and document the results of the analysis, including recommendations for fee adjustments or rulemaking if fees are not cost-based.

Board response: The audit recommendation will be implemented in a different manner.

Response explanation: In order to conduct a comprehensive and methodologically sound cost analysis, the Board will submit a fund issue in FY27 (and ongoing) to hire a third-party to conduct the analysis.

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

Board did not issue 1 initial permit application within the time frames required by rule and did not refund the applicant's fee.

Board response: The finding is agreed to.

Response explanation: While the Board understands the reasoning behind this finding, it believes it is reasonable to process applications in the context of business days, and therefore a refund is not warranted in this case. The Board's rules conflict with its statute, and they conflict internally; therefore, when there is a conflict between statute and rule, the statute prevails. However, the Board is committed to addressing the conflict between statute and rules in a future legislative session and/or rule-writing task force.

Recommendation 22: Refund permit or license fees to applicants when the Board fails to meet regulatory time frames, as required by statute.

Board response: The audit recommendation will be implemented.

Response explanation: The Board has already implemented this recommendation. The Board is committed to refunding permit or license fees to applicants when it fails to meet regulatory time frames and believes that it has exercised diligence in providing refunds, when necessary. The conflict between statute and rule will be addressed in a future legislative session or rule-writing task force. The Board will provide an update at its 6-month follow-up.

Recommendation 23: Establish and document a tracking process to record key licensing and permitting timelines, and incorporate this functionality into the Board's planned licensing system. Use this process to monitor compliance with regulatory time frames.

Board response: The audit recommendation will be implemented in a different manner.

Response explanation: The Board acknowledges the importance of ensuring compliance with processing time frames. However, it is unable to realistically establish and maintain a successful tracking process without the assistance of a technologically robust database. Despite the numerous technological limitations of the Board's current database (e.g., unable to calculate "time outs", substantive review time frames,

applicant-requested extensions, applicant-requested continuation requests, etc.), Board staff continues to exercise diligence and refine its processes with respect to 1) performing periodic retrospective review of in-progress applications and closing applications that are administratively or substantively incomplete, and 2) considering and communicating statutory timeframes when preparing and presenting applications for full Board review. The Board will create a policy to memorialize its current efforts, processes, and any revisions thereto on or before July 1, 2026. In its last sunset audit response, the Board indicated that it would implement Thentia to replace its existing database, iGov Solutions, the latter of which is not designed to track compliance with regulatory time frames. After two years of working with Thentia, the vendor made minimal progress and the project was terminated. The Board is currently researching other licensing databases that can facilitate, amongst other things, tracking compliance with regulatory time frames. The Board will provide an update on its search for a new database vendor at its 6-month follow-up.

Recommendation 24: As the Board develops and implements a new licensing system, implement short-term measures to track licensing and permitting timelines to better ensure timeliness requirements are met.

Board response: The audit recommendation will be implemented in a different manner.

Response explanation: The Board acknowledges the importance of ensuring compliance with processing time frames. However, it is unable to realistically establish and maintain a successful tracking process without the assistance of a technologically robust database. Despite the numerous technological limitations of the Board's current database (e.g., unable to calculate "time outs", substantive review time frames, applicant-requested extensions, applicant-requested continuation requests, etc.), Board staff continues to exercise diligence and refine its processes with respect to 1) performing periodic retrospective review of in-progress applications and closing applications that are administratively or substantively incomplete, and 2) considering and communicating statutory timeframes when preparing and presenting applications for full Board review. The Board will create a policy to memorialize its current efforts, processes, and any revisions thereto on or before July 1, 2026. In its last sunset audit response, the Board indicated that it would implement Thentia to replace its existing database, iGov Solutions, the latter of which is not designed to track compliance with regulatory time frames. After two years of working with Thentia, the vendor made minimal progress and the project was terminated. The Board is currently researching other licensing databases that can facilitate, amongst other things, tracking compliance with regulatory time frames. The Board will provide an update on its search for a new database vendor at its 6-month follow-up.

Recommendation 25: Develop and implement a process to ensure regulatory time frame requirements for initial and renewal permit applications are met, including measuring compliance with processing time frames using calendar days as required by rule.

Board response: The audit recommendation will be implemented in a different manner.

Response explanation: The Board acknowledges the importance of ensuring compliance with processing time frames. However, it is unable to realistically establish and maintain a successful tracking process without the assistance of a technologically robust database. Despite the numerous technological limitations of the Board's current

database (e.g., unable to calculate "time outs", substantive review time frames, applicant-requested extensions, applicant-requested continuation requests, etc.), Board staff continues to exercise diligence and refine its processes with respect to 1) performing periodic retrospective review of in-progress applications and closing applications that are administratively or substantively incomplete, and 2) considering and communicating statutory timeframes when preparing and presenting applications for full Board review. The Board will create a policy to memorialize its current efforts, processes, and any revisions thereto on or before July 1, 2026. In its last sunset audit response, the Board indicated that it would implement Thentia to replace its existing database, iGov Solutions, the latter of which is not designed to track compliance with regulatory time frames. After two years of working with Thentia, the vendor made minimal progress and the project was terminated. The Board is currently researching other licensing databases that can facilitate, amongst other things, tracking compliance with regulatory time frames. The conflict between statute and rule will be addressed in a future legislative session or rule-writing task force. The Board will provide updates on its search for a new database vendor and statute/rule modifications at its 6-month follow-up.

Board did not require nor establish a process to verify designated representatives possess valid fingerprint clearance card at renewal, increasing the risk that individuals with disqualifying criminal backgrounds may retain facility representation.

Board response: The finding is agreed to.

Response explanation: The Board acknowledges the concern regarding the absence of a formal process to verify that designated representatives possess valid fingerprint clearance cards at the time of renewal. During the 2024 renewal cycle, staff performed an administrative review of permit renewal applications that specifically indicated a change in designated representative. If a valid Arizona fingerprint clearance card did not accompany the renewal application, staff issued an incompleteness notice and requested the applicant provide a copy within the allowed statutory timeframes.

Recommendation 26: Develop and implement a process to ensure designated representatives have an active fingerprint clearance card at the time of permit renewal by (a) obtaining the applicant's fingerprint clearance card number and (b) verifying the validity of the card through the Arizona Department of Public Safety online portal.

Board response: The audit recommendation will be implemented in a different manner.

Response explanation: The Board's existing policies for initial application include verification of the status of fingerprint clearance cards through the Department of Public Safety (DPS) website; cross-referencing a repository of previously received DPS fingerprint clearance card denials, restrictions, and suspensions; and saving a screenshot of each DPS fingerprint clearance card validation to the permit profile. Each of these processes is also followed when the applicant indicates a new designated representative on renewal application, or when there is a change in designated representative; the Board will update its policies to reflect these efforts. The Board will update its full-service wholesaler and third-party logistics provider renewal applications to require a mandatory upload of the designated representative's fingerprint clearance

card with the renewal application. Of note, the Board's current database does not distinguish uploads, and any document can be uploaded in a mandatory field. In order to ensure compliance with this statutory requirement, the Board will develop a policy and process to audit a sample of renewal applications for compliance with statutory requirements. Application updates, policy updates, and audit processes will be fully implemented on or before July 1, 2026. The Board is currently researching new database vendors and will investigate whether new systems can 1) distinguish the validity of fingerprint clearance card uploads on renewal, and 2) integrate with DPS. The Board will provide an update on its search for a new database vendor at its 6-month follow-up.

Board established a process for inspecting permitted facilities at least once every 12 to 18 months depending on the facility type and met this target for 67% of facilities as of February 11, 2025.

Board response: The finding is agreed to.

Response explanation: The Board acknowledges that it has not met its inspection timelines established in policy. This deficiency is mainly due to the Board's inadequate number of staffing resources. Despite submitting multiple fund issues over the last several years for additional Compliance staff, the Board only recently obtained approval by the legislature in FY26 for the addition of a single Compliance Officer. In order to be successful in meeting its established inspection time frames, the Board requests support from the legislature with approving its fund issues for additional resources.

Recommendation 27: Assess whether current targets for completing facility inspections are consistent with Board expectations, are achievable given available staffing resources, and whether established inspection intervals remain appropriate.

Board response: The audit recommendation will be implemented.

Response explanation: The Board will revise "Policy 6.9: Resident Permittee Inspections" to reflect realistic and achievable inspection targets, considering its current staffing model and workload. The revised policy will balance the Board's public protection mission with operational capacity, and may include: 1) adjusted inspection intervals based on facility type and risk level, and 2) a process for periodic reassessment to ensure targets remain appropriate as resources evolve. These policy revisions will be fully implemented on or before July 1, 2026.

Board did not comply with the Arizona Department of Administration (ADOA) remote work policy, limiting operational efficiency and oversight of remote employees.

Board response: The finding is agreed to.

Response explanation: The Board acknowledges the importance of complying with ADOA's remote work policy, maximizing operational efficiency, and providing meaningful oversight of remote employees. The Board was unaware of ADOA's requirements and will work towards establishing documented productivity and quality standards, as well as accountability measures.

Recommendation 28: Identify and implement productivity and quality standards as well as accountability measures for all remote workers.

Board response: The audit recommendation will be implemented.

Response explanation: The Board will identify and implement productivity and quality standards as well as accountability measures for all remote workers. These standards and measures will be fully implemented on or before July 1, 2026.

Recommendation 29: Document remote worker expectations, performance standards, and accountability procedures in internal policies.

Board response: The audit recommendation will be implemented.

Response explanation: The Board will create or revise existing policies to document remote worker expectations, performance standards, and accountability procedures. These policies will be fully implemented on or before July 1, 2026.

Recommendation 30: Implement a process to ensure all remote workers complete remote work agreements annually, and retain these agreements in personnel files.

Board response: The audit recommendation will be implemented.

Response explanation: The Board understands that ADOA may be automating the collection and retention of remote work agreements. If this is the case, the Board will follow ADOA's direction for completing and retaining remote work agreements. Otherwise, the Board will collect these agreements on an annual basis with the Annual Conflict of Interest and Policy Acknowledgement Form. This process will be implemented upon further instruction from ADOA or March 1, 2026, whichever is sooner.

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 responded to all 3 public records requests we submitted; but did not have a process to acknowledge all public records requests.

Board response: The finding is agreed to.

Response explanation: The Board acknowledges that it was unaware of the statutory requirement to acknowledge all public records requests within five (5) business days. However, upon learning of this requirement during the audit, the Board immediately began acknowledging all public records requests as required by statute.

Recommendation 31: Develop and implement a process to acknowledge public requests received by the Board outside of its online platform, such as through mail and e-mail, within 5 business days.

Board response: The audit recommendation will be implemented.

Response explanation: On May 15, 2025, the Board revised “Policy 1.8: Public Records Requests” policy to address this statutory requirement. The policy now directs staff to acknowledge all non-webform requests—via email, mail, or fax—within five business days. The Board’s tracking spreadsheet was updated to include the acknowledgment date for each request. Staff are currently following this procedure, and the policy will be fully implemented on or before January 1, 2026.

Board inconsistently posted information longer than allowed by statute.

Board response: The finding is agreed to.

Response explanation: The Board acknowledges the importance of complying with statute when posting disciplinary and nondisciplinary actions. On May 21, 2025, and August 19, 2025, the Board learned from the auditors of two separate instances of outdated Board webpages containing references to complaints greater than five (5) years old. Upon both notifications, the Board immediately addressed the outdated webpages to comply with this statute. Of note, the Board’s existing database is designed to report disciplinary and nondisciplinary action on the Board’s verification webpage in compliance with statute.

Recommendation 32: Develop and implement a process to identify and remove all Board disciplinary and nondisciplinary actions/orders against licensees from its website after 5 years as required by statute.

Board response: The audit recommendation will be implemented.

Response explanation: On May 21, 2025, and August 19, 2025, the Board learned from the auditors of two separate instances of outdated Board webpages containing references to complaints greater than five (5) years old. Upon both notifications, the Board immediately addressed the outdated webpages to comply with this statute. In the first instance, the hyperlinks to the outdated webpage were identified and removed from the Board’s website on May 21, 2025. In the second instance, disciplinary content appearing on a different outdated webpage was removed from the backend of the Board’s website, and a note was added to the outdated webpage redirecting the viewer to the Board’s active webpage for Disciplinary Actions. In addition, the Board submitted a request to ADOA to automatically redirect the outdated webpage to the active webpage for Disciplinary Actions. All actions for the second instance were completed by August 21, 2025. Of note, the Board’s existing database is designed to report disciplinary and nondisciplinary action on the Board’s verification webpage in compliance with statute.

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

Board used a disclosure form for Board members that did not align with recommended practices and a disclosure form for Board staff that did align with recommended practices and Arizona Administrative Code, and did not maintain all disclosures of substantial interest in a single special file as required by statute.

Board response: The finding is agreed to.

Response explanation: The Board was unaware of the Office of Auditor General's ("OAG") recommended practices for establishing safeguards against possible conflicts of interest, as well as revisions to ADOA's disclosure form. In response, the Board updated its Conflict of Interest disclosure form in May 2025 and required all Board members and staff to submit revised forms. It also corrected its form retention practices by consolidating all disclosures and recusals into a single statutorily required file available for public inspection.

Recommendation 33: Use a conflict-of-interest disclosure form that addresses State requirements for disclosing conflicts of interest.

Board response: The audit recommendation will be implemented.

Response explanation: The Board implemented this recommendation in May 2025 by updating its Annual Conflict of Interest Form to include disclosures consistent with ADOA and OAG requirements. All Board members and staff have since completed the revised form.

Recommendation 34: Continue to store all substantial interest disclosures, including disclosure forms and meeting minutes, in a special file available for public inspection.

Board response: The audit recommendation will be implemented.

Response explanation: The Board partially implemented this recommendation in May 2025, when it began storing all conflict of interest disclosure and recusal forms in a single special file available for public inspection. Upon further clarification from the auditors on August 14, 2025, the Board immediately relocated its meeting minutes to the special file. It should be noted that the Board maintained all of the required documentation prior to the audit; however, it was not located in a single, special file.