ARIZONA AUDITOR GENERAL

Lindsey A. Perry, Auditor General

August 17, 2026

Members of the Arizona State Legislature

The Honorable Katie Hobbs, Governor

Executive Director Rivera
Arizona Regulatory Board of Physician Assistants

We have issued an initial followup report regarding the implementation statuses of the recommendations from the September 2025 *Performance Audit and Sunset Review of the Arizona Regulatory Board of Physician Assistants* report (see report 25-108) conducted by the independent firm Walker & Armstrong under contract with the Arizona Auditor General. This audit was in response to a November 21, 2022, resolution of the Joint Legislative Audit Committee and was conducted as part of the sunset review process prescribed in Arizona Revised Statutes §42-2951 et seq.

The September 2025 report made 29 recommendations to the Arizona Regulatory Board of Physician Assistants (Board). My Office contracted with Walker & Armstrong to conduct initial followup work with the Board, and as of this initial followup report, 7 recommendations have been implemented, 8 recommendations are in process, 1 recommendation is not yet applicable, and 13 recommendations have not been implemented.

My Office has contracted with Walker & Armstrong to follow up with the Board at 18 months to assess its progress in implementing the 22 outstanding recommendations.

Sincerely,

Lindsey A. Perry

Lindsey A. Perry, CPA, CFE
Auditor General

Walker & Armstrong
CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

Arizona Regulatory Board of Physician Assistants

Initial Follow-Up of Report 25-108

The September 2025 Arizona Regulatory Board of Physician Assistants (Board) performance audit and sunset review found that the Board timely issued initial and renewal licenses, but did not timely resolve complaints, increasing the risk to public safety, and failed to establish oversight and accountability mechanisms for its staff, potentially resulting in inefficient and ineffective operations, noncompliance with Board statutes and policies, and waste of public resources. We made **29** recommendations to the Board.

Board's status in implementing 29 recommendations

Implementation status	Number of recommendations
✓ Implemented	7 recommendations
In process	8 recommendations
Not yet applicable	1 recommendations
Not implemented	13 recommendations

We will conduct another follow-up with the Board on the status of the recommendations that have not yet been implemented.

Recommendations

Finding 1: Board did not resolve most complaints in a timely manner, which may affect patient safety

The Board should:

1. Investigate and resolve complaints within 180 days.

   Status: Not Implemented

   The Board continues to not investigate and resolve the majority of complaints it receives in 180 days. Specifically, our review of all 56 complaints the Board closed between September 2025 and February 17, 2026, found that the Board took more than 180 days to resolve 50 complaints, or 89% of complaints. The Board's implementation of recommendations 2 through 5 should improve its ability to resolve complaints within 180 days; however, as explained below, the Board has either not implemented or made limited progress in implementing these recommendations. The Board reported that it would continue to implement recommendations 2 through 5, which should help it investigate and resolve complaints within 180 days, but could not provide an anticipated implementation date for these recommendations. Untimely complaint resolution may negatively impact patient safety by allowing licensees under investigation for alleged standards-of-care or other serious violations to continue practicing, while also subjecting licensees—particularly when complaints are ultimately dismissed—to unproven allegations and burdensome requests for information or documentation for longer than necessary.

   We will further assess the Board's implementation of this recommendation during our next follow-up.

2. Establish a time frame for requesting subpoenaed enforcement from the Superior Court of Arizona after deadlines are missed.

   Status: Not Implemented

   Although the Board revised its investigations policy in September 2025 to establish a timeframe for requesting review by its assistant attorney general for determination of the appropriate enforcement action when a subpoena response has not been received, the policy does not specify a timeframe for requesting subpoena enforcement from the Superior Court. Specifically, our review of the updated policy found that if subpoenaed records are not received within 35 days after the due date, and staff have made follow-up requests without a response, the Board's investigations manager will refer the outstanding subpoenas to the Board's assistant attorney general for determination of the appropriate enforcement action.

   However, the policy does not establish a clear timeframe for seeking court enforcement of subpoenas, nor does it identify the conditions under which the Board's assistant attorney general should request court enforcement of subpoenaed information. Without specific parameters and timeframes, the Board's ability to obtain information to investigate and resolve complaints timely could continue to be delayed. We will further assess the Board's implementation of the recommendation during our next follow-up.

3. Request the Superior Court of Arizona to enforce subpoenas when licensees and/or third parties miss deadlines for providing subpoenaed information.

   Status: Not implemented

   As discussed in Recommendation 2, although the Board revised its investigation policy, the revisions do not clearly establish steps or timeframes for seeking subpoena enforcement from the Superior Court. Accordingly, the Board reported that it had not requested Superior Court of Arizona enforcement for missed subpoena deadlines. We will assess the Board's progress in implementing the recommendation during our next follow-up.

4. Develop and implement policies and procedures that include required time frames for completing key steps in a complaint investigation, including how long it should take to send initial requests to licensees for a response to a complaint, issue subpoenas, length of time the Board may grant licensees to respond to complaint allegations or outside medical consultants (OMC) to accept cases for review, and issue dismissal letters.

   Status: Implementation in process

   As of September 2025, the Board revised its investigations policy to include time frames for completing key steps in the complaint investigation process. Specifically, the Board developed time frames for 6 key steps in its investigation process (see Table 1). Our review of the policy found that for each of the 6 investigation steps, the policy delineates the tasks that need to be completed for the step to be considered complete. For example, as part of the Board's complaint intake process, the Board's initial request to the licensee for a response should be sent within 5 days of opening the complaint, while the determination of what records are needed for the investigation and issuance of subpoenas for these records should be completed within 21 days of receiving the complaint.

   Table 1: Board investigation steps and timeline

Step	Timeframe (days)
Intake complaint	5
Initiate investigation	16
Collect evidence	91
Expert review	56
Draft report findings	70
Managerial review	14
Total investigation timeline: 252 days	

   Source: Walker & Armstrong staff review of Board provided information.

   In addition, our review of the Board's OMC policy found that the Board revised its policy to require OMCs to either accept or deny the case for their review within 2 weeks of the Board's request. After 2 weeks, the policy requires Board staff to search for an alternative OMC to conduct the review.

   However, we found that Board's investigations policy lacked several important elements. Specifically:

   - Although the Board should investigate and resolve complaints within 180 days, consistent with recommendation 1, the Board's investigation timeline of 252 calendar days exceeds this time frame. Additionally, the 252-day timeline does not account for Board member review and adjudication of complaints, which would further extend the amount of time the Board will take to resolve complaints. The Board's investigations manager reported that Board review and adjudication timeframes were not included in the timeline because those timeframes are outside the control of Board staff.

- The policy and investigation timeline does not specify a time frame for licensees to respond to complaint allegations. The executive director stated that this step is already part of the Board's standard operating procedures, does not need to be added to the policy or timeline, and that the Board generally allows licensees 2 to 4 weeks to respond to complaint allegations, unless there are extenuating circumstances.

  Although the Board's investigator training materials instruct staff to allow licensees 2 to 4 weeks to respond to a complaint, this key complaint-handling step and associated time frame do not appear elsewhere in the Board's standard operating procedures. By not including this key step and associated time frame in its formal policy and complaint investigation timeline, the Board may not be able to hold its staff and licensees accountable for adhering to this time frame. As reported in our September 2025 performance audit and sunset review, delays in receiving licensee responses contributed to lengthy complaint investigations. Specifically, for 5 of the 21 complaints we reviewed, it took an average of 136 days to receive a response from the licensee, well in excess of the 2- to 4-week response period outlined in the Board's training materials.

- The Board's policies and timeline do not include a time frame for Board staff to issue dismissal letters. The Board's executive director reported that the Board has not updated its policy to include a specific timeframe for issuing dismissal letters because it intends to establish a performance metric, rather than a policy requirement, for executive staff to issue the letters within 15 days of dismissal, which would allow them to monitor and ensure the timely issuance of these letters.

Although Board staff indicated that these important elements are or will be addressed through practices or performance measures, these elements were identified in our initial report as causes of delays in the Board's complaint investigation process. If the Board does not include these elements in its policy and timeline, it may limit its ability to track and monitor compliance with key complaint-handling timeframes, which could result in continued delays in resolving complaints and increase risks to public safety. We will further assess the Board's implementation of the recommendation during our next follow-up.

5. Develop and implement policies and procedures for tracking and monitoring complaint handling, including establishing a mechanism to document and track completion of key steps in the complaint-handling process, assigning responsibilities to Board staff to use management reports to actively monitor the progress of complaint investigations and address reasons for delays, and regular reporting to the Board on the timeliness of complaints.

Status: Implementation in process

As of September 2025, the Board revised its policy to require Board management to monitor investigative staff compliance with the Board's complaint investigation timelines on a bi-annual basis (see Table 1 above for investigation timelines). The policy specifies that Board management will review a percentage of complaint investigations. Despite this revision, the Board's investigations manager reported that monitoring compliance with the Board's established complaint-handling timeline was time consuming and they were working with the Board's IT department to develop a system-level approach that could be used to actively track and monitor staff compliance with the complaint-handling

timeline for all complaints on an ongoing basis. For example, rather than periodically assessing Board staff's compliance with the Board's investigation timeline through a manual review of a sample of cases, Board staff reported that they would prefer to develop the capability for its complaint-handling database to generate a snapshot of the Board's progress toward meeting its investigation timeline. Such an approach would allow Board staff to identify and address complaint handling delays in a timely manner, rather than relying on infrequent manual evaluations of staff compliance with complaint-handling time frames. The investigations manager reported that because of the amount of time it takes to monitor compliance with its new timeline, the Board had not fully implemented its revised policy to conduct a bi-annual review and had not consistently evaluated the reasons for complaint-handling delays or reported to Board members on the timeliness of resolving complaints based on these reviews. Board staff reported that once its complaint database system is configured to allow staff to monitor and track complaint timelines, it will update its policies and procedures to reflect its monitoring and tracking, including defining roles and responsibilities.

However, the investigations manager reported that the implementation of this recommendation depends on the IT department developing a system-level approach. Based on our review of Board documentation, the Board has assigned this IT project to its lowest priority level and has not identified an estimated start or completion date for the project. The Board's executive director reported that it will continue to work with staff to address this recommendation as quickly as possible, but was unable to provide an anticipated completion date due to the IT department having multiple on-going projects that are considered to be higher priority, such as updating the Board's website for application processing and developing automated dashboards for Board operations. The delay in implementing this recommendation may result in inefficient use of resources, continued delays in the complaint-handling process, and increased risk to public safety when complaint resolution delays go unidentified and unresolved. We will further assess the Board's implementation of the recommendation during our next follow-up.

Finding 2: Inconsistent with recommended practices, Board's executive director delegated key responsibilities to staff without establishing oversight and accountability mechanisms, potentially resulting in inefficient and ineffective operations, noncompliance with Board statutes and policies, and waste of public resources

The Board should:

6. Establish and enforce productivity and quality standards for each department and position, and implement accountability measures consistent with Board policy to ensure performance expectations are met.

Status: Not implemented

As of March 2026, the Board's executive director reported considering potential performance metrics, but had not yet developed and implemented productivity and quality standards for each department and position. Examples of metrics the executive director reported considering include the average number of days to approve license applications, the percentage of information technology (IT) projects or tasks completed by the scheduled due dates, and the percentage of complaint dismissal letters mailed

within 15 days of Board dismissal. Although these metrics could measure timeliness and productivity, they would not assess quality of staff work or whether staff are meeting established performance expectations.

For example, the Board could implement supervisory reviews of complaint files at key stages of the investigative process to evaluate whether staff are meeting required timelines and quality standards. These reviews could assess whether investigations staff are maintaining complete and accurate case files, documenting investigative steps performed, supporting conclusions and recommendations with sufficient evidence, and adequately documenting the reasons for any delays. When expectations are not met, management could require corrective action, such as additional training, enhanced supervisory oversight, or documented performance counseling.

By not establishing productivity and quality standards and holding staff accountable for meeting those standards, the Board may continue to lack a consistent basis for evaluating staff performance and identifying and addressing poor performance and noncompliance with Board policies and procedures. After we informed the executive director that the metrics under consideration may not ensure productivity and quality standards are being met, they reported that the Board has not yet developed or implemented accountability measures and plans to do so after finalizing the metrics it will use to assess the quality and productivity of staff work. The Board's executive director anticipates fully implementing the recommendation by August 2026. We will further assess the Board's implementation of this recommendation at our next follow-up.

7. Develop and implement policies and procedures for consistently tracking Board staff hours worked to help ensure that staff are compensated only for actual time worked and reduce the risk of abuse.

Status: Implementation in process

As of March 2026, the Board's executive director reported that policies and procedures for recording and reporting staff time worked had not changed because the Board was testing a new time tracking approach that would require all staff to record their time daily using a centralized system. Our review of the new approach found that employees would use an online form to log when they start and stop work each day, similar to a timecard system. Employees would be responsible for clocking themselves in and out each day. However, our review found that the process did not address situations where employees forget to clock in or out and that it lacked monitoring and verifying procedures of daily timesheets to identify and investigate unusual or unexpected time entries. The Board's executive director reported that they have considered these issues and are currently evaluating how to address them.

The Board's executive director reported that once the new time tracking approach is finalized, the Board will update its policies and procedures to reflect its use of the new time tracking approach. However, until the new time tracking approach is fully implemented, various departments within the Board continue to use inconsistent methods for tracking and verifying employee hours worked. As a result, these inconsistent practices may continue to increase the risk of errors or abuse.

The executive director reported that a new time tracking approach is expected to be implemented by August 2026. We will further assess the Board's implementation of this recommendation during our next follow-up.

8. Evaluate the roles and responsibilities of Board information technology (IT) staff and contractors to identify and eliminate unnecessary duplication and ensure IT expenditures are aligned with Board needs and priorities, including documenting its evaluation.

Status: Not implemented

As of March 2026, the Board's chief information officer (CIO) reported conducting an evaluation of IT roles and identified areas where responsibilities "appear duplicative," but justified the duplication as necessary for continuity, cross-training, and coverage. However, despite our requests, Board staff did not provide documentation/information demonstrating that it critically assessed whether such duplication is excessive, cost-efficient, or aligned with its operational needs. Rather, the CIO provided descriptions of staff and contractor duties indicating that both continue to perform functions where potential exists for overlap, such as systems analysis, report development, quality assurance, and project support. Our review found that the Board did not document an evaluation of the duplicative responsibilities it identified or its justification for why each was necessary. Although the CIO stated that the duplication was needed for continuity, the Board did not identify which specific duplicated duties needed to remain or justify why they could not be eliminated. Until the Board conducts a critical assessment of IT staff and contractor roles and responsibilities and eliminates unnecessary duplication, it risks continuing to waste public monies.

The Board's CIO also reported terminating 2 contracts to reduce expenditures for contracted IT services. Specifically, the Board reported canceling a contract in October 2025, for email marketing services and another in March 2026, for security services. Although the Board reported total annual savings of $7,995 from the termination of these contracts, this is a marginal decrease compared to the Board's more than $1.5 million in annual IT expenditures.[1]

Finally, the Board's executive director reported that the Board expects to conduct a cost-benefit analysis by August 2026 to determine whether using internal Board staff plus contracted vendors versus obtaining information technology services through the Arizona Department of Administration, Arizona Strategic Enterprise Technology Office would be more effective and/or efficient for the Board, while continuing to pursue its statutory responsibility to protect the public.[2] We will further assess the Board's implementation of this recommendation during our next follow-up.

9. Develop and implement performance monitoring and accountability measures for IT projects, including but not limited to establishing IT project budgets, timelines, and planned outcomes and functionalities.

Status: Implementation in process

At the time of our review, in March 2026, the CIO reported working with the Board's executive director to develop an IT project management tracking tool that will be used to monitor the IT department's performance for individual IT projects and establish accountability measures. Our review of the draft tracking tool found that it included information for each project, such as priority level,

[1] In our 2025 performance audit and sunset review of the Board, we found that the Board expended more than $3.2 million on IT staff and contracts over a two-year period, or more than $1.5 million annually.

[2] Other regulatory boards, such as the Arizona Barbering and Cosmetology Board, that have a similar number of employees, license types, and licensees, take advantage of IT services provided by the Arizona Department of Administration (ADOA). Our review of the Barbering and Cosmetology Board's website found that the website was integrated with the Board's database and is capable of accepting applications and payments online.

estimated project start and end dates, budgeted costs, actual costs, status, and planned outcomes or functionality.

Although the IT project management tracking tool was still under development and had not yet been implemented, we noted that the Board had not yet developed a process for monitoring IT department progress or established accountability measures to ensure IT staff are meeting established performance expectations on Board IT projects. After discussing the recommendation with the CIO and executive director, they reported that the IT project management tracking tool is intended to address the recommendation. However, although the tracking tool may assist management in monitoring the status of IT projects, additional processes and accountability measures may be needed to ensure the Board can effectively assess staff productivity and hold staff accountable for meeting established performance expectations. For example, the Board could require IT staff to maintain project-specific timelines with defined milestones, target completion dates, and assigned responsibilities for each project. Management could then periodically review progress against those timelines and require staff to explain delays, identify barriers to completion, and document planned corrective actions when projects fall behind schedule.

Additionally, the Board could establish regular project status reporting requirements, such as monthly updates identifying completed tasks, outstanding tasks, upcoming deadlines, and issues requiring management attention. These reports would provide management with information needed to monitor project progress, identify stalled or delayed projects, and hold staff accountable for meeting established expectations. We will further assess the Board's implementation of this recommendation during our next follow-up.

10. Conduct a comprehensive employee productivity and workload analysis to identify process inefficiencies and staffing challenges, support effective resource allocation, and justify staffing and budget requests.

Status: Not implemented

As of March 2026, the Board's executive director reported that the Board plans to use the productivity and quality standards developed under recommendation 6, along with the time-tracking mechanism that will be established under recommendation 7, to support its evaluation of staff productivity and workload. The executive director reported that these tools will help identify any inefficiencies and staffing challenges, and to determine whether changes to resource allocation, staffing levels, or budget requests are necessary. However, the Board's delay in implementing this recommendation could result in a continued lack of staff performance monitoring and/or staff noncompliance with Board policy. The executive director reported that, once recommendations 6 and 7 are implemented, the Board will be better positioned to provide an estimated timeline for implementation of the recommendation. We will continue to assess the Board's progress during our next follow-up.

11. Review the Board's performance incentive pay program and related policies to ensure alignment with measurable, meaningful performance outcomes tied to its key statutory objectives and purposes and staff responsibilities, and revise or eliminate components that do not drive accountability or results.

Status: Not implemented

As of March 2026, the Board's executive director reported that the Board had not determined what changes it would make to its performance incentive pay program metrics to align the staff's

performance with Board objectives. Although the Board reported beginning to consider what performance metrics could be used to make changes to its incentive program to promote meaningful outcomes tied to its statutory objectives and purpose, no meaningful progress had been made (see additional information described under recommendation 6). As a result, the program will continue to provide incentive payments to staff whose work is unrelated to some key performance measures, and payments may continue to be disbursed despite poor performance. For example, investigative staff who do not timely investigate and resolve complaints may continue to receive incentives based on timely approval of license applications, despite this activity being unrelated to their daily responsibilities or tasks. The Board's executive director anticipates implementing the recommendation by August 2026.

We will further assess the Board's implementation of this recommendation during our next follow-up.

12. Implement a process to annually evaluate whether performance metrics and related incentive payments effectively support operational efficiency and the Board's overall objectives.

Status: Not yet applicable

As discussed in recommendation 11, the Board has yet to evaluate whether its performance metrics and related incentive payments effectively support operational efficiency or the Board's overall objectives. The Board's executive director reported that after implementing recommendation 11, the Board will develop and implement a process to evaluate the performance metrics and incentive payments on an annual basis. The Board anticipates implementing this recommendation by August 2027. We will further assess the Board's implementation of this recommendation during our next follow-up.

13. Work with the Arizona Medical Board to ensure executive director compensation is established and approved by the Board in accordance with statute and that any performance incentives paid to the executive director are clearly authorized and documented.

Status: Implemented at 6 months

As of February 2026, the Arizona Medical Board and the Board's Executive Director Selection and Retention Committee (Committee) approved its executive director's compensation and discontinued incentive payments to the executive director.[3] Specifically, our review of the Committee's August 2025 meeting minutes found that the Committee named the Board's interim executive director, who previously served as the Board's deputy director, as the Board's new executive director. During the meeting, the Committee appointed 1 Committee member to negotiate the salary for the executive director on the Committee's behalf. By granting this authority to the Committee member, the Committee effectively approved the executive director's compensation, consistent with statute. Additionally, during its February 2026 meeting, the Committee voted to discontinue incentive payments to the executive director. The Board's executive director reported continuing to receive performance incentive payments until the Committee voted to discontinue them. Finally, our review of the Board's March 2026 payroll transaction detail found that the executive director received their approved salary and did not receive performance incentive pay.[4]

[3] The Arizona Regulatory Board of Physician Assistants and the Arizona Medical Board share an executive director and staff. The Board's Executive Director and Selection Retention Committee consists of Arizona Medical Board members and the chairperson and vice chairperson of the Arizona Regulatory Board of Physician Assistants.

[4] Our review consisted of comparing the Board's March 2026 payroll detail report to the executive director's August 2025 offer letter.

14. Work with the Arizona Medical Board and its assistant attorney general to review performance incentive payments made to the executive director since 2015 to determine if the payments violated statute and seek reimbursement for any unallowable payments.

Status: Implementation in process

As of March 2026, the Board's executive director reported consulting with the Board's assistant attorney general regarding incentive payments made to the former executive director but has yet to receive advice on whether these payments violated statute and whether the Board should seek reimbursement for the payments. According to the Board's executive director, the Board's assistant attorney general needed additional time for review. The Board's executive director was unable to provide an anticipated implementation date for the recommendation. We will further assess the Board's implementation of this recommendation during our next follow-up.

15. Establish performance monitoring and verification procedures for all responsibilities delegated to department managers to help ensure the executive director can hold the managers accountable for meeting their delegated responsibilities.

Status: Not implemented

As of March 2026, the Board's executive director reported focusing on implementing other recommendations and had not developed monitoring or verification procedures for responsibilities delegated to department managers. By not establishing monitoring and verification procedures for responsibilities delegated to department managers, the executive director may be unaware of critical issues and may be misinformed or not fully aware of departmental practices. The Board's executive director was unable to provide an anticipated implementation date. We will further assess the Board's implementation of this recommendation during our next follow-up.

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

The Board should:

16. Develop and implement policies and procedures for periodically evaluating and setting fees to ensure its fees are structured based on the actual cost of the Board's operations.

Status: Not implemented

As of March 2026, the Board had not developed policies or procedures to evaluate fees and had not determined whether fees are aligned with the actual costs of operating the Board.

However, Board staff did report compiling a list of all fees the Board currently charges, along with total historical fee-related revenues and the date each fee was last updated. The executive director reported that this information will be used to evaluate the appropriateness of the Board's fees and determine whether adjustments are necessary to ensure they reflect the actual cost of Board operations. Our review of the compiled information found that although it may be useful, it is incomplete, as the Board has not compiled key data elements such as projected future fee revenues, historical or projected costs

attributable to each fee, or an allocation of staff time to various regulatory activities to help ensure that licensees are charged fees that reasonably reflect costs of Board operations.

The executive director reported being unable to provide an anticipated implementation date for this recommendation because the Board is prioritizing the implementation of other recommendations. As a result, the Board may continue to charge fees that do not reflect the costs of the services it provides, which could lead to an unnecessary accumulation of public monies or insufficient monies to cover its operating costs. We will further assess the Board's implementation of this recommendation during our next follow-up.

17. Work with the Arizona Medical Board to develop and implement a process to use relevant historical and projected data to develop the Board's annual budget request.

Status: Not implemented

As of March 2026, the Board's executive director reported that the Board had not made efforts to implement this recommendation because it was focused on addressing other recommendations the Board considered higher priority. The executive director was unable to provide an anticipated implementation date due to uncertainty in the time necessary to implement other recommendations. However, until the Board implements this recommendation, it may continue to submit annual budget requests that do not align with its actual funding needs, which could result in the Board being over- or underfunded. We will further assess the Board's implementation of this recommendation during our next follow-up.

18. Develop and implement a tracking system to identify licensees required to submit Continuing Medical Education (CME) and reduce unnecessary staff workload during renewals.

Status: Not implemented

Our March 2026 review found that Board staff have continued to be unable to determine when a licensee was subject to a CME audit, consistent with the findings from our September 2025 performance audit and sunset review report. Specifically, statute exempts certain Board licensees from CME audits if they are certified by and in good standing from a national certifying body approved by the Board.[5] However, Board staff reported being uncertain of the Board's authority to require licensees to provide proof of such certification, which limited its ability to determine which licensees are subject to CME audits. As a result of not implementing the recommendation, the Board may continue to use resources on CME audits for licensees that are not subject to audit according to statute and may not have these resources available to meet other Board objectives. The executive director reported that the Board expects to evaluate its options, develop a system to identify licensees subject to audit, and implement the recommendation by March 2027.

We will further assess the Board's implementation of this recommendation during our next follow-up.

19. Evaluate the appropriate scope of annual CME audits in accordance with statutory requirements and adjust practices accordingly.

Status: Not implemented

[5] A.R.S. §32-2523(F).

As of March 2026, the Board reported that this recommendation had not yet been implemented. The Board's executive director reported that in order to adjust its practices to audit CME as outlined in statute, the Board will need to develop a mechanism to identify which licensees are subject to a CME audit first, as explained in recommendation 18. Accordingly, the Board expects that this recommendation will be implemented concurrently with recommendation 18. We will further assess the Board's implementation of this recommendation during our next follow-up.

20. Develop and implement policies and procedures for cash-handling that comply with SAAM requirements, including separation of duties, documentation, and independent verification to safeguard funds.

Status: Not implemented

Our March 2026 review found that although Board staff drafted revised policies and procedures for cash-handling, the Board's chief operations officer and executive director were unable to determine which duties to separate to comply with SAAM. Specifically, under the revised policies and procedures one individual could receive, process, and account for cash receipts, including recording the receipts in the licensing database, which would allow staff to complete cash-handling functions without independent verification. SAAM requires appropriate segregation of cash-handling and cash-recording functions, including restricting individuals responsible for handling cash from accessing the licensing database or making entries in the accounting system. SAAM also requires that individuals responsible for performing bank reconciliations not be authorized to perform other cash-handling, receipting, disbursing, or recording functions related to cash receipts or disbursements. However, the Board's revised policies and procedures did not adequately segregate these responsibilities. Specifically, the procedures did not separate cash-receipting duties from cash-recording duties in the accounting information system, assign bank reconciliation responsibilities to an individual independent of cash receipting or disbursing functions, or restrict licensing database access for individuals responsible for cash handling. Additionally, the Board's policies and procedures did not establish compensating controls for areas where adequate segregation of duties could not be achieved, such as outsourcing accounting functions to the Arizona Department of Administration's Central Services Bureau or sharing staff with other small agencies, as required by SAAM.

After bringing this to Board staff's attention, Board staff indicated that they would assign an administrative assistant to record cash receipts in the licensing database and would work with the ADOA to ensure its policies and procedures properly separate duties in accordance with SAAM requirements. Although assigning an administrative assistant to record cash receipts in the licensing database would separate the responsibility for recording payments in that system, it would not fully address SAAM's segregation of duties requirements. SAAM requires that individuals responsible for handling cash do not have access to the licensing database. Additionally, this change would not adequately separate cash-receipting from cash-recording duties, nor would it separate cash-handling from cash-reconciliation responsibilities. In addition to assigning cash-recording responsibilities in the licensing database to an administrative assistant, the Board should remove licensing database access for individuals responsible for handling cash and continue working with ADOA to ensure cash receipting, recording, disbursing, and reconciling duties are adequately segregated. By not separating duties and failing to require independent verifications, the Board may continue to have an increased risk that cash could be stolen, or records could be altered without detection. The Board's chief operating officer reported that the Board anticipates implementing this recommendation by the end of September 2026. We will further assess the Board's implementation of this recommendation during our next follow-up.

21. Evaluate and, if deemed appropriate, implement secure electronic payment options to reduce reliance on mailed payments, improve processing efficiency, and enhance the security of applicant financial data.

Status: Implementation in process

On January 30, 2026, the Board's executive director reported to the Arizona House Health & Human Services Committee of Reference that the Board was in the process of completing a comprehensive web portal update that was scheduled to be fully operational in March 2026, to include the ability to accept applications and fee payments electronically. However, our March 2026 review of the web portal update deployment schedule, which the Board reported will include electronic payment capability, found that the update was not expected to be fully completed until May 2026. Subsequently, on May 29, 2026, Board staff reported that the Board's website did not have the capability to process electronic fee payments for all applications processed by Board staff, including applications for physician assistants. The executive director reported that, due to delays in testing the update before implementation, the Board now anticipates the update will not be fully completed until the end of September 2026. By not implementing this recommendation, the Board continues to have an inefficient process by using staffing resources to manually process credit card payments and an increased risk to the security of applicant financial data. We will further assess the Board's implementation of this recommendation during our next follow-up.

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 should:

22. Ensure its staff are properly trained and follow the Board's policy to acknowledge the receipt of all public records requests within 24 hours of receipt of the request.

Status: Implemented at 6 months

Board staff reported updating its public records request process and providing on-the-job training on this process to staff responsible for handling public records requests on acknowledging requests within 24 hours of receipt. Our March 2026 review found that the Board updated its process to require staff to document the date on which the acknowledgement was sent to the requestor, as well as any extenuating circumstances that resulted in delays, on its tracking log. For example, if staff responsible for acknowledging public records requests were out of the office, staff would document both the date on which the acknowledgement was sent and the reason for the delay.

We were unable to verify the Board's on-the-job training because it was not formally documented. However, our March 2026 review of the Board's public records request tracking log for September 2025 through March 2026, which included 762 public records requests, found that Board staff consistently documented the acknowledgement date for all requests recorded as received. In addition, the acknowledgements were sent within 24 hours of receipt, or when delayed, the reason for the delay was documented. Based on the Board's actions and the results of our review, the Board has implemented this recommendation.

23. Update its public records request tracking log to include a field for the date the Board sends an acknowledgement of receipt of a request.

Status: Implemented at 6 months

See explanation for recommendation 22.

24. Provide information to the public regarding licensees as required by statute.

Status: Implementation in process

The Board took several steps to ensure its staff provide statutorily required information to the public upon request. First, our review of a Board disciplinary action form found that the Board disciplined staff for providing inaccurate or incomplete public information in response to public record requests, citing that the conduct violated the standards of conduct required of State employees, undermined the public's trust in the Board's ability to provide accurate and reliable information, and represented a failure to perform duties with diligence, accuracy, and integrity. Additionally, our review of Board staff emails regarding obtaining training and acknowledgement of completing training found that, in January 2026, the Board operations manager coordinated and required their staff to complete training, provided by the Arizona Ombudsman Citizens' Aide, for public records requests. Our review of this training found it included an overview of Arizona's public records law, including what qualifies as a public record and how agencies must respond to records requests, including when records must be disclosed or withheld. It also covered records management requirements, including maintaining, retaining, and properly disposing of records in accordance with legal requirements. Further, the Board's executive director reported that, under the Board's new process for providing public information, staff are expected to guide requestors on how to access publicly available information through the Board's website, including providing instructions on how to navigate and use the website.

In March 2026, we made 1 anonymous phone call and spoke with Board staff who provided appropriate information to our request. Specifically, Board staff provided the licensee's license number and details on previous disciplinary actions and then guided us through the Board's website to access documents available to the public without having to file a public records request form. Additionally, we requested details or minutes from the executive session related to the case that resulted in disciplinary action and were appropriately informed that executive session minutes are confidential and not available for public review.

Due to the recent change in the Board's process for providing public information, we will continue to assess the Board's compliance with statutory requirements during our next follow-up.

25. Update the Board's website to include a statement indicating the physical location of the meeting agendas.

Status: Implemented at 6 months

Our review of the Board's website in March 2026 found that it included a statement of the address, floor, and the specific location of the glass case within the building where posted meeting agendas can be found.

26. State the location of the Board meetings for the record in accordance with State open meeting laws.

Status: Implemented at 6 months

The Board reported updating the script used by the Board's chairperson in September 2026, to include the location of the Board meeting. We reviewed all Board meeting recordings from October 2025 through March 2026, noting that the Board stated the location of the Board meeting for the record for all meetings.

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

The Board should:

27. Update its policy to require contracted employees to complete annual conflict-of-interest disclosure forms.

Status: Implemented at 6 months

Our March 2026 review of the Board's conflict-of-interest policy found that the Board updated its policy in December 2025, to require contracted employees to complete an annual conflict-of-interest disclosure form.

28. Obtain conflict-of-interest disclosure forms for all contracted employees and assess whether any conflicts exist.

Status: Implemented at 6 months

We reviewed conflict-of-interest disclosure forms for all contracted employees in September 2025, as part of our performance audit and sunset review of the Arizona Medical Board, which shares personnel with the Board, and found that the Board had obtained forms for all contractors and that none of the forms indicated that conflicts existed.

29. Provide periodic training on conflicts of interest for Board members, staff, and contracted employees.

Status: Implementation in process

As of March 2026, the Board provided conflict-of-intertest training for Board members and staff, including contracted employees. Specifically, the Board's assistant attorney general provided conflict-of-interest training to Board members and staff during the Board's August 2025 Board meeting and the Arizona Medical Board's January 2026 meeting. If Board members were not present during the August meeting, Board staff provided the member a copy of the recorded training to review and confirmed completion. We reviewed the August 2025 Board meeting minutes and subsequent email communications and found that three Board members were not present for the training; however, they were provided with a copy of the recorded training and later reported via email that they had completed it.

However, the Board's executive director delegated responsibility to the Board's department managers to ensure that all Board staff completed the training. According to the executive director, Board staff that were unable to attend the August 2025 training were required to attend the January 2026 training.

We reviewed email communications from the Board's department managers reporting the individuals that attended the August 2025 conflict-of-interest training. However, the Board was unable to provide documentation of employee attendance for the January 2026 meeting. As a result, we were unable to verify that all employees and contractors attended the training. The executive director reported that for the conflict-of-interest attendance for the January 2026 training, the Board had documented the attendance but had inadvertently destroyed the documentation. We reviewed the Board's new sign-in sheet, which it plans to use for its August 2026 conflict-of-interest training. The sign-in sheet includes space for each employee's name and signature to indicate completion of the annual training.

Additionally, our review of the conflict-of-interest training provided to Board members and staff found that the training discussed important topics such as defining a substantial, direct, and indirect interest. However, the training did not address the appearance of impropriety, an important concept for Board members and staff to consider when determining whether disclosure is warranted, or the requirement for the Board to maintain a dedicated file for storing and tracking disclosed conflicts.[6] The executive director reported that the Board had inadvertently omitted these conflict-of-interest topics and is working with its assistant attorney general to update the training materials to address these areas before its next conflict-of-interest training in August 2026.

We will further assess the Board's implementation of this recommendation during our next follow-up.

[6] A.R.S. §38-509 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.