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Katie Hobbs
Governor

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August 19, 2026

Lisa S. Parke, CPA
Walker & Armstrong
Via email: lparke@wa-cpas.com

Re: Arizona Medical Board – Sunset Review: A.R.S. §41-2951 et seq.

Dear Ms. Parke:

The Arizona Medical Board ("Board") has reviewed and provided responses to the Performance Audit and Sunset Review. The Board's staff, as well as the Board itself, appreciated the professionalism and courtesy of Walker & Armstrong. The Board has begun addressing the findings and implementing the recommendations. The Board looks forward to meeting with the Committees of Reference to discuss the positive changes made.

Respectfully,

Raquel Rivera

Raquel Rivera
Executive Director

Enclosure: Board's Response(s)
Cc: Gary Figge, MD

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

Board response: The finding is agreed to.

Response explanation: This finding is acknowledged but it is also important to note the increase in complex complaints necessitating more than 180 days to not only complete the investigation but also adjudicate the case, which requires separate administrative functions conducted outside of the Investigations department. The AMB will review its investigative policies and specifically address the procedure and time frame for subpoena enforcement, along with additional time frames for other key investigative steps. Development of a reporting mechanism to oversee, track, and monitor staff's handling of complaints against the timeframes outlined in the Investigative Timeline has been elevated to a priority project. Board members currently receive the Executive Director's Delegated Authority Report at each in-person AMB meeting, which includes a list of Executive Director dismissals. The AMB will explore adding the average time frame for dismissals to be processed to that report for the Board member's review. Beginning in October 2026, the AMB will also receive a standing report on complaint timeliness at its regular meetings.

Recommendation 1: Investigate and resolve complaints within 180 days.

Board response: The audit recommendation will be implemented.

Response explanation: The AMB is committed to resolving complaints promptly. Five prior audits spanning 43 years confirm that the AMB has consistently been unable to meet the 180-day standard. As early as 1981, when the AMB regulated approximately 5,859 licensees, it was unable to conform to the 180-day timeframe. Today, the AMB regulates over 35,000 licensees and the AMB staff is also responsible for the operations of the Arizona Regulatory Board of Physician Assistants ("PA Board"), which regulates an additional 5,630 licensees, while still being held to the same fixed benchmark. This more than six-fold growth in licensee population, without a corresponding adjustment to the 180-day benchmark, indicates that a uniform 180-day goal is no longer a reasonable or reliable benchmark. A review of AMB and ARBoPA annual report data for FY23 through FY26 shows an average investigation timeframe of 279 days for MD cases and 310 days for PA cases. Given this sustained trend, the AMB will evaluate whether a more data-driven target is warranted that better reflects the Board's actual multi-year averages while still preserving an enforceable ceiling for accountability. As the AMB continues to develop its performance tracking mechanisms, the Board will further explore and refine what constitutes a reasonable benchmark going forward.

Recommendation 2: Follow its established time frame for requesting subpoena enforcement from the Superior Court of Arizona after deadlines are missed.

Board response: The audit recommendation will be implemented.

Response explanation: The AMB acknowledges this recommendation and will follow its established timeframe for requesting subpoena enforcement and will incorporate internal criteria into its policies to guide escalation of missed subpoena deadlines to the AMB's Assistant Attorney General for referral to the Superior Court, as detailed below.

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

Board response: The audit recommendation will be implemented.

Response explanation: The AMB acknowledges that subpoena compliance is essential to the timely and thorough investigation of complaints. The AMB will seek Superior Court enforcement in cases where subpoenaed information is material to public protection and voluntary compliance efforts have been exhausted. However, the AMB notes that pursuing court enforcement is a resource-intensive process that cannot be applied as a uniform, first-line response to every missed licensee or third-party responsive deadline. Enforcing a subpoena through the Superior Court requires the AMB's Assistant Attorney General to prepare and file a motion to compel, serve the non-complying party, respond to any objections or motions to quash, appear at a hearing, and, in some cases, pursue contempt proceedings or an appeal if the order is not honored. Each of these steps carries meaningful staff and AAG time, filing costs, and scheduling delays which can compound the delay to the underlying investigation and potentially delay other higher priority cases. Given the AAG resources available to the AMB relative to the volume of open investigations, the AMB is concerned that requiring court enforcement for every missed deadline would divert limited legal resources away from higher-priority disciplinary matters and could create case backlogs rather than reduce them. Many missed deadlines are effectively resolved through follow-up correspondence and extensions without the need for judicial intervention. To address the finding, the AMB will: Establish written internal criteria within our policies for escalating a missed subpoena deadline to AAG referral for court enforcement (e.g., based on the materiality of the withheld information, the risk to public safety, and prior noncompliance history); Develop a way to track and report the number of missed subpoena deadlines and the disposition of each (informal resolution vs. AAG referral vs. court enforcement) to allow the AMB and its AAG to monitor volume and resource impact; and Coordinate with the Attorney General's Office to identify whether a streamlined or expedited enforcement procedure is available for repeat or high-priority noncompliance, to reduce the resource burden of individual enforcement actions. The AMB believes a measured, criteria-based approach satisfies the intent of the finding by ensuring subpoenas are applied and enforced when necessary, while accounting for the realistic capacity of legal resources and the multi-step nature of Superior Court enforcement.

Recommendation 4: Finalize the development and implementation of 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, time the Board may grant licensees to respond to complaint allegations or outside medical consultants to accept cases for review, and issue dismissal and closure letters.

Board response: The audit recommendation will be implemented.

Response explanation: The AMB will update the existing time frame requirements to include time frames for the formal notice of investigation to the licensee by the investigator; steps and timeframes for licensee responses, and addressing non-responses; and timeframes for medical consultants and processing of dismissed cases. This will strengthen the Investigation Process and Medical Consultant Assignment policies which together already establish required time frames for steps in the complaint-handling process. These established policies include deadlines for: sending the initial notice letter to the licensee within 5 business days of receipt of the complaint; preparing and serving subpoenas within 1–3 weeks of case initiation, with follow-up escalation to the Assistant Attorney General if subpoenaed records are not received within 35 days of the due date; allowing licensees two (2) weeks to submit a supplemental response to a Medical Consultant's findings; allowing Outside Medical Consultants two (2) weeks to accept or

decline a case assignment and four (4) weeks to complete their initial report (one week for a supplemental report).

Recommendation 5: Finalize the development and implementation of 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 and assigning responsibilities to Board staff to use management reports to actively monitor the progress of complaint investigations.

Board response: The audit recommendation will be implemented.

Response explanation: In August 2025, the AMB developed an Investigative Timeline and will be working with IT to develop a monitoring tool within the AMB database that documents and tracks completion of each of the six stages of the investigative process (Intake, Initiate Investigation, Collect Evidence, Expert Review, Findings Report, and QA and Conclusion) against defined time frame target goals, with a mechanism to capture and report any noted delays for timeframe accountability for each stage of the investigation. In addition, the policy was revised to establish a “Quality Analysis” process requiring bi-annual monitoring of case handling by staff role, including review of a percentage of Intake determinations, Investigator caseloads (with average days-open tracking), subpoenas processed by the Medical Records Technician, and cases assigned to Medical Consultants and reviewed by Managers. Responsibility for actively monitoring case progress using these tracking mechanisms is assigned to the Investigations Manager, who conducts case reviews for accuracy and completion, with oversight escalation to the Executive Director as needed. The development of these tools will greatly assist staff with a documented tracking mechanism paired with designated staff accountability for ongoing monitoring.

Recommendation 6: Continue its development and implementation of a formal process to review its tracking and monitoring of complaint handling to identify and address reasons for delays.

Board response: The audit recommendation will be implemented.

Response explanation: In addition to the tracking and monitoring mechanisms described in Recommendation 5, the AMB has incorporated a "Noted Delays" section within the Investigative Timeline, requiring the Investigations Manager to document the specific reason for any delay before a case can move to the next stage. It is anticipated that these stage-level delay findings will feed into the bi-annual Quality Analysis process established by allowing Managers to identify recurring or systemic causes of delay such as Medical Consultant availability, outstanding subpoena compliance, or extension requests. The AMB is formalizing this into a recurring review process in which the Investigations Manager compiles delay findings across cases each reporting period and brings identified trends, along with recommended process adjustments, to the AMB through the Investigations Update described in Recommendation 7. This is designed to “close the loop” between tracking individual case delays and using that data to identify and address the underlying cause of delays across the investigative process as a whole.

Recommendation 7: Require Board staff to regularly report to the Board on complaint timeliness, the reason for delays, and plans to resolve and prevent such delays in future complaints.

Board response: The audit recommendation will be implemented.

Response explanation: Beginning in October 2026, AMB staff will include a standing Investigations Update on the AMB's meeting agenda. This update will provide the Board

members with the number of complaints received and cases opened since the prior meeting, the number of investigations completed, the average investigation timeframe, identified reasons for any delays, and staff's plans to resolve current delays and prevent similar delays in future complaints.

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

Board response: The finding is agreed to.

Response explanation: Concerns regarding management and staff delegation were previously identified in the PA Board Audit. The AMB acknowledges that many of the deficiencies identified originated under the direction of prior staff that are no longer with the AMB, and improving oversight and accountability mechanisms have been a priority for the AMB's current Executive Director. However, the current Executive Director's ability to demonstrate significant progress since this concern was identified in the PA Board audit has been constrained by a series of compounding circumstances largely outside the AMB's control. Upon release of the PA Board audit findings in August 2025, the AMB moved immediately to implement corrective changes, including development of the Investigative Timeline. Shortly thereafter, from November 2025 through March 2026, the AMB operated under an activated Continuity of Operations Plan (COOP) due to water damage to the AMB's office and equipment, requiring a five-month transition to virtual operations and temporary offsite relocation to maintain uninterrupted service to the public. During this time period, significant staff time and resources were diverted to the transition and remediation process. During this same period, the AMB also operated near quorum for three months due to AMB vacancies, which limited its ability to timely adjudicate cases. Notwithstanding these unexpected constraints, the AMB took immediate and substantive steps in response to the PA Board audit findings and remains committed to fully addressing the oversight and accountability deficiencies identified in this audit.

Recommendation 8: Continue to 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.

Board response: The audit recommendation will be implemented.

Response explanation: The AMB will continue establishing SMART performance goals for all staff, departments, and managers to ensure productivity expectations are clear consistently met. The AMB has already developed and implemented performance standards for Board Operations staff and is working with IT to develop queries that will track and monitor staff performance against these documented goals, providing an objective, data-driven basis for accountability. Building on this framework, the AMB is committed to extending SMART performance standards to all remaining departments by December 2026.

Recommendation 9: Finalize the development and implementation of 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.

Board response: The audit recommendation will be implemented.

Response explanation: The AMB has developed and is piloting a standardized daily time reporting tool, currently in use with the Executive Team, to provide consistent documentation of employee work hours across the agency. Under this process, employees record each clock-in, clock-out, and leave entry by date, along with their work status giving managers a clear, verifiable record of hours worked and time off taken each day. The AMB will formalize this pilot into written policies and procedures that establish employee and supervisory responsibilities for daily time reporting, approval, verification, and documentation of exceptions, including missed or inaccurate time entries. In addition to the State's Human Resources Information Solution (HRIS) timekeeping system, department managers will use these daily time reports, agency calendars, leave records, and direct supervisory oversight to verify reported hours prior to payroll approval. The Executive Director will periodically review departmental compliance with these procedures to ensure consistent implementation across the agency and reduce the risk of payroll errors, fraud, abuse, or compensation for hours not worked. Following completion of the Executive Team pilot, the AMB anticipates rolling out the standardized daily time reporting process agency-wide by September 2026.

Recommendation 10: Evaluate the roles and responsibilities of Board 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.

Board response: The audit recommendation will be implemented.

Response explanation: The AMB has initiated a formal evaluation of IT staff and contractor roles by tracking all IT work at the individual-ticket level for infrastructure/onsite support and development (contractor/vendor personnel), which allows management to compare the volume, complexity, and nature of work handled by each staff member and contractor against their assigned role. This ticket-level data will be used to identify tasks that fall outside a staff member's or contractor's core responsibilities, as well as any tasks being duplicated across roles (for example, disciplinary-case file support currently appearing in both the infrastructure and development queues), and to reassign or consolidate that work as appropriate. The AMB has also developed an IT Project tracker to documents each active and proposed IT project by category, priority, funding source, as well as a companion performance dashboard to track key metrics such as percentage of projects completed on time, percentage completed within budget, number of active projects, average time in each status, and projects blocked by dependencies. This portfolio will serve as the documented basis for evaluating whether current and planned IT expenditures are aligned with the AMB's needs and priorities, and will be reviewed and updated by management on an ongoing basis as part of the AMB's broader effort to establish IT performance metrics and accountability measures.

Recommendation 11: Continue to develop and implement performance monitoring measures, such as comparing budgets for financial resources and staff hours and evaluating adherence to deadlines, and establishing accountability measures for IT projects, including documenting disciplinary actions for missed deadlines, exceeded financial or labor budgets, and delivering poor quality work.

Board response: The audit recommendation will be implemented.

Response explanation: The AMB will continue to enhance and implement performance monitoring measures for the Support Services and IT Manager through the agency's performance management process. Performance measures will include monitoring adherence

to project timelines and milestones, evaluating progress against established deadlines, documenting weekly reviews of financial resources, agency priorities, staffing needs, and updates to the IT project list, and monitoring project labor and budget utilization. Performance expectations and accountability measures will be incorporated into employee performance goals and evaluations. When performance deficiencies are identified, the AMB will address them in accordance with the State's progressive discipline process and applicable personnel policies, while documenting corrective actions and performance improvement efforts as appropriate. Although the report only identified minimal cost savings since the PA Board Audit results, in FY26, the IT Department made contract changes resulting in anticipated annual savings totaling $176,828 for FY 27.

Recommendation 12: 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.

Board response: The audit recommendation will be implemented.

Response explanation: The AMB will conduct a comprehensive employee productivity and workload analysis following the implementation of standardized performance measures across all departments. As part of this initiative, each department will establish SMART performance goals and objective performance metrics that provide reliable baseline data for evaluating employee productivity, workload distribution, process efficiencies, and resource utilization. The results of the analysis will be used to identify operational improvements, assess staffing needs, support effective allocation of agency resources, and provide data-driven justification for future staffing and budget requests. The AMB anticipates completing the workload analysis by June 2027. While the AMB appreciates the auditor’s analysis identifying potential capacity within Licensing Department staff that could theoretically be redirected toward investigative work, the AMB respectfully notes that this reallocation is not operationally feasible without significant additional cost and delay as licensing and investigative staff have materially different competencies, and Licensing staff would need to first obtain and maintain CLEAR certification required by statute for investigative staff. Additionally, reassigning other departmental staff into investigative roles would require lead time and cost for the AMB, so any capacity gain from reallocation would not be realized for a period of time and would likely also coincide with the PA Compact becoming operational. This is anticipated to result in an increase in PA applications for Licensing staff to process. There is also concern for reclassification and pay adjustments, which could raise pay equity concerns across the two departments. Reallocation of Licensing staff would also likely negatively affect the AMB's currently strong licensing metrics showing that over 98% of applications are processed within required time frames. Given the growth in MD applications driven by the Interstate Medical Licensure Compact and the anticipated PA Compact launch in 2027, reducing Licensing capacity risks trading a strength for a weakness rather than producing a net improvement. For these reasons, the AMB's budget requests additional FTEs rather than reallocating existing, differently classified staff between the two functions.

Recommendation 13: 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.

Board response: The audit recommendation will be implemented.

Response explanation: The AMB will conduct a comprehensive review of its Performance Incentive Pay (PIP) Program and related policies after implementing standardized departmental and individual performance metrics. The review will evaluate whether the program appropriately aligns employee performance expectations with the AMB's statutory mission, strategic priorities, and assigned departmental responsibilities. The AMB will assess the effectiveness of existing performance measures in promoting accountability, operational efficiency, and measurable outcomes and will revise or eliminate performance metrics or incentive components that do not effectively support the AMB's statutory objectives or organizational goals.

Recommendation 14: Implement a process to annually evaluate whether performance metrics and related incentive payments effectively support operational efficiency and the Board's overall objectives.

Board response: The audit recommendation will be implemented.

Response explanation: The AMB will establish a formal annual review process to evaluate the effectiveness of departmental and individual performance metrics and any related Performance Incentive Pay (PIP) measures. Prior to implementation, proposed performance metrics and incentive criteria will be reviewed to ensure they are measurable, objective, aligned with employee responsibilities, and support the AMB's statutory mission and operational priorities. Thereafter, the AMB will annually evaluate performance outcomes, operational efficiencies, and the effectiveness of incentive measures in achieving organizational objectives. Based on these evaluations, the Board members may direct the Executive Director to modify performance metrics or incentive criteria to ensure continued alignment with the AMB's strategic priorities, accountability expectations, and statutory responsibilities.

Recommendation 15: Continue to work with 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.

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

Response explanation: The AMB takes seriously its obligation to ensure that all payments made to staff comply with statute. The AMB notes that this issue was previously examined in connection with HB2731 during the PA Board continuation process, at which time a member of the House Health & Human Services Committee advised, based on consultation with Legislative Council, that the payments did not violate statute. While the AMB recognizes this statement does not constitute a formal legal opinion, it reflects an initial, independent review that did not identify a statutory violation. The AMB will engage with necessary entities to conduct a formal review of the performance incentive payments made to the executive director since 2015. This review will evaluate whether the payments were authorized under applicable statute and Board policy.

Recommendation 16: 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.

Board response: The audit recommendation will be implemented.

Response explanation: The AMB has initiated a comprehensive review of all staff positions and responsibilities and is collaborating with department managers to develop and implement

standardized SMART performance goals and reports for employees and managers based on their assigned duties. As part of this process, the Executive Director and department managers will establish measurable departmental and managerial performance metrics, including defined performance targets, timelines, and objective measurement methods to verify completion of delegated responsibilities. These measures will include routine monitoring through database queries, management reports, and quality assurance reviews, to verify compliance with established expectations. The Executive Director will work with IT to develop a dashboard for all departmental activity to allow for regular performance reviews with department managers to evaluate progress toward established goals, monitor departmental workloads and performance trends, identify operational risks, and ensure accountability for delegated responsibilities. Performance results will be incorporated into the agency's performance evaluation process, and corrective action or performance improvement measures will be implemented, when appropriate, in accordance with State personnel policies. The AMB will periodically review and refine these performance measures to ensure they remain aligned with agency priorities and operational needs.

Finding 3: Board did not consistently act within or fully exercise its statutory authority potentially resulting in unauthorized disciplinary action, premature dismissal of a complaint, and an increased risk to public safety.

Board response: The finding is agreed to.

Response explanation: The AMB acknowledges the observations regarding committee actions and maintains that formal interviews conducted by review committees complied with statute and comported with due process obligations. Importantly, licensees who participate in formal interviews with the AMB elected this method of resolution. In every case that AMB staff recommends discipline, licensees are provided with a notice letter that includes access to investigative case file documents, which identify the recommended violations and proposed disciplinary action. Licensees are advised of their right to seek a full evidentiary hearing at the Office of Administrative Hearings, and offered the opportunity to enter into a consent agreement to resolve the case. Lastly, licensees are invited, not compelled, to participate in formal interviews. When the AMB was utilizing the committee structure, licensees were advised that formal interviews would be conducted by a Board Review Committee. The notice letter for these cases outlined the process utilized by the Committees, including the potential that the Committee may vote to issue disciplinary action consistent with A.R.S. § 32-1451(I). Licensees who agreed to a formal interview with a Board Review Committee provided a signed statement that they accepted the invitation to appear for a Committee interview and acknowledged that they were waiving their right to a full evidentiary hearing. Since its inception, not a single licensee has challenged the Review Committees' authority to issue disciplinary orders pursuant to A.R.S. § 32-1451(I). The process utilized by the AMB preserved due process for licenses by ensuring that decisions were made by members who had the opportunity to interview the licensee and evaluate questions of credibility firsthand. Regarding the concern about legal advice provided during a settlement conference at the August 2025 AMB meeting, the Board took the measures it deemed appropriate and expedient given the specific circumstances and procedural posture of the case. While Superior Court enforcement was not pursued in this instance the medical records at issue were ultimately provided, which allowed the Board's investigation to be completed. The AMB will provide training and update investigative workflow policies to ensure that Board members and investigative staff are made aware of the option for Superior Court subpoena enforcement going forward.

Recommendation 17: Develop policies and procedures in alignment with statute for formal interviews conducted by Board established committee, including the actions the committee may take.

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

Response explanation: The AMB acknowledges the recommendation and ceased committee formal interviews in August 2025 due to the concerns expressed during the audit and ongoing challenges with quorum. The AMB will not reinstitute this procedure until it obtains legislative clarification. In the event that the AMB obtains legislative clarification, appropriate policies and procedures will also be adopted.

Recommendation 18: Work with its Assistant Attorney General to determine what actions the Board should take to rectify the disciplinary actions previously issued by committees.

Board response: The audit recommendation will be implemented.

Response explanation: The AMB acknowledges that some notices may have been sent utilizing templated language intended for full Board meeting interviews. The AMB does not agree that properly noticed review committee formal interviews require rectification. Licensees who participated in committee interviews voluntarily elected the process and signed a written waiver of their right to a full evidentiary hearing. They were further advised of their right to seek rehearing or review by the full AMB under A.A.C. R4-16-103, or judicial review. To date, no licensee has challenged a Review Committee's authority to issue disciplinary orders under A.R.S. § 32-1451(I). The AMB will review identified cases to determine whether additional action is required.

Recommendation 19: Provide comprehensive training to Board members on the scope of actions the Board is authorized to take in regulating licensees, including the process for issuing subpoenas and enforcing compliance through injunctions, ensuring members understand both common and less frequently utilized options.

Board response: The audit recommendation will be implemented.

Response explanation: The AMB acknowledges this recommendation and will continue to conduct comprehensive training with its assigned Assistant Attorney General to ensure all members understand the full extent of statutory options available, including subpoena enforcement remedies under A.R.S. § 32-1451.01(B)(3).

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

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

Board response: The finding is agreed to.

Response explanation: The AMB agrees to this finding as the fees have not been raised in over two decades. The AMB will research and evaluate MD licensure fees and renewal timeframes to ensure

the appropriateness of its fees in comparison to the costs for MD licensing, staffing, and investigations undertaken.

Recommendation 20: 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.

Board response: The audit recommendation will be implemented.

Response explanation: The AMB will develop a process to annually evaluate the fees charged by the AMB.

Recommendation 21: Develop and implement a process to use relevant information, including historical and projected data, to develop the Board's annual budget request.

Board response: The audit recommendation will be implemented.

Response explanation: The AMB will develop and implement a formal budgeting policy that utilizes historical operational data, projected licensing growth, and staff productivity metrics to construct its annual budget requests. Additionally, the AMB will implement a periodic fee-review process to compare fee revenues against the actual cost of providing regulatory services.

Board failed to implement an efficient process for accepting credit card payments, increasing the risk of errors and concerns related to data security.

Board response: The finding is agreed to.

Response explanation: The AMB IT department has made significant progress in implementing an online application and payment process to improve the efficiency of credit card payment acceptance while reducing the risk of errors and enhancing data security. The following applications have been successfully deployed with online payment capability: MD Initial Application; MD Renewal PA Renewal; Postgraduate Permit; MD Dispensing Registration; and Dispensing Registration Renewal.

Recommendation 22: Finish implementing a secure electronic payment option to reduce reliance on mailed payments.

Board response: The audit recommendation will be implemented.

Response explanation: The following applications are currently in testing, with deployment anticipated by August 17, 2026: MD Telehealth Application and Renewal; PA Telehealth Application and Renewal; MD Pro Bono; and PA Pro Bono. The AMB also anticipates deploying the following applications by August 30, 2026: MD Temporary Application and MD Transitional Training Application. The AMB is committed to expanding its online application and payment capabilities until all applicable processes have been transitioned to a secure electronic payment platform.

Board executives were unable to separate incompatible duties, increasing the risk of errors, fraud, and misuse of public resources.

Board response: The finding is agreed to.

Response explanation: The AMB has segregated incompatible duties related to cash handling and cash receipts. Responsibility for entering all cash receipts into the AMB's licensing system has been transferred to an Administrative Support Specialist, separating this function from the Accountant 2 role. This segregation of duties reduces the risk of errors, fraud, and misuse of public resources. Additionally, the AMB worked with the Arizona Department of Administration (ADOA) to revise its cash handling policies and procedures to reflect this change. The updated policies have been submitted to ADOA and are currently pending final approval.

Recommendation 23: Develop and implement policies and procedures to separate incompatible duties for business functions including the receiving, depositing, recording and reconciling of cash receipts; the requesting, approving, and recording of purchases; and entering and approving of accounting transactions.

Board response: The audit recommendation will be implemented.

Response explanation: The AMB will continue developing strengthened review and approval procedures for all accounting and travel-related transactions. Management is responsible for reviewing and approving all accounting transactions both prior to processing and upon final review, ensuring compliance with state requirements, AMB policies, and supporting documentation requirements.

Board failed to follow State requirements for expenditures, increasing the risk of errors, fraud, and misuse of public resources.

Board response: The finding is agreed to.

Response explanation: All travel requests and travel-related expenditures are reviewed by Management before submission to Central Services Bureau (CSB) for processing. This review includes verifying that: Required approvals have been obtained before expenditures are incurred. Airfare and other travel arrangements are booked in a timely manner to secure the most economical rates, consistent with AMB policy. Conference and travel reimbursements comply with applicable state travel rates and regulations. Purchases include adequate documentation supporting a clear public purpose. Supporting documentation is complete and accurate before payment is processed.

Recommendation 24: Develop and implement written procedures to ensure compliance with State requirements and Board policy for expenditures, including processes requiring supervisor review and approval for all purchase requests in advance, as well as reviews to ensure each transaction complies with State requirements and has a documented public purpose.

Board response: The audit recommendation will be implemented.

Response explanation: The AMB will develop and implement more formal written procedures governing expenditures that require supervisor review and approval. In addition, Management will continue to perform a final review and approval of all purchase requests and related transactions before processing to verify compliance with State requirements, AMB policy, and documentation standards. The review process will ensure that: All purchase requests receive supervisor approval in advance of the expenditure; Management performs a final review prior to processing; Each expenditure complies with applicable State requirements and AMB policy; Each transaction includes sufficient supporting documentation and a clearly documented public purpose. Required approvals and supporting documentation are maintained in accordance with recordkeeping requirements.

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

Board did not acknowledge the receipt of all public records requests.

Board response: The finding is agreed to.

Response explanation: The AMB adopted a revised log in August 2025, which includes the dates of the public records request and acknowledgement date.

Recommendation 25: Continue to ensure its staff are following the Board's policy to acknowledge the receipt of all public records requests within 24 hours of receipt of the request.

Board response: The audit recommendation will be implemented.

Response explanation: The AMB acknowledges and has implemented this recommendation and established clear performance metrics and supervisory controls for public records requests (PRRs). Specifically, AMB staff are required to acknowledge receipt of all public records requests within 24 hours of receipt. Additionally, the PRR tracking log is updated within 24 hours of any status change to capture new, pending, and closed requests. Management conducts regular audits of the log to monitor compliance, track performance goals, and ensure consistent adherence to AMB policy.

Recommendation 26: Continue to use its updated tracking log that includes a date in which each public records request is acknowledged.

Board response: The audit recommendation will be implemented.

Response explanation: The AMB has implemented this recommendation as the PRR tracking log is updated within 24 hours of any status change to capture new, pending, and closed requests. Management conducts regular audits of the log to monitor compliance, track performance goals, and ensure consistent adherence to AMB policy.

Board did not track all public records requests to ensure proper oversight.

Board response: The finding is agreed to.

Response explanation: The AMB acknowledges that its previous process included decentralized tracking prior to request fulfillment. The AMB has fully remediated this process. The AMB enforces a centralized intake protocol requiring all public records requests to be logged into the official PRR tracking log within 24 hours of receipt. This centralized system provides management with full visibility into all pending, active, and completed requests for oversight.

Recommendation 27: Continue to require staff to input public records requests on its public records request tracking log at the receipt of the request.

Board response: The audit recommendation will be implemented.

Response explanation: The AMB has implemented this recommendation. Staff are strictly required to input all public records requests into the centralized master tracking log immediately upon receipt, eliminating all informal or delayed tracking methods. As detailed in our response to Recommendation 25, this immediate intake requirement is reinforced by daily staff workflows, updated performance metrics, and regular supervisory reviews to ensure continuous, real-time oversight of all incoming requests.

Board did not provide sufficient public information in response to anonymous phone calls we made.

Board response: The finding is agreed to.

Response explanation: The AMB acknowledges that sufficient public information may not have been provided in response to anonymous phone calls.

Recommendation 28: Provide accurate information to the public regarding licensees as required by statute.

Board response: The audit recommendation will be implemented.

Response explanation: In January 2026, the AMB implemented comprehensive retraining through the Arizona Ombudsman for all public records staff who handle requests. Staff were reminded to verify licensee information directly through the database, how to direct callers to specific portal locations for public records, and provide clear instructions on how to submit formal public records requests when necessary.

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

Board policy did not require Board members or staff to complete annual conflict-of-interest training.

Board response: The finding is agreed to.

Response explanation: The AMB instituted annual conflict-of-interest training for all AMB Board members and staff. Additionally, as of September 2025, the AMB was confirmed to have received annual conflict-of-interest disclosures from all staff, Board members, and contractors. The AMB's annual conflict of interest training for FY25 was conducted during its January 2026 meeting.

Recommendation 29: Update its policy to require annual training on conflicts of interest for Board members, staff, and contracted employees.

Board response: The audit recommendation will be implemented.

Response explanation: Since January 2025, the AMB provides annual conflict of interest training for board members and staff. The AMB has updated its policy to formally mandate annual conflict-of-interest training for all Board members, staff, and contracted employees as well as procedures to document attendance of staff present for the training.