



REPORT HIGHLIGHTS PERFORMANCE AUDIT

Our Conclusion

The Arizona State Board of Cosmetology (Board) licenses and regulates cosmetologists, salons, and schools. The Board should continue to ensure that it issues licenses only to qualified applicants, comply with statutorily required time frames for issuing licenses, and develop and propose legislation requiring continuing education for license renewal. The Board should also revise its inspection approach to ensure all salons are appropriately inspected in a timely manner based on the risks that the salons pose to the public. Additionally, the Board should improve its complaint resolution processes by conducting adequate investigations and addressing weaknesses in its decision-making processes. Finally, the Board should provide timely and complete information about licensees over the phone and on its Web site.



2013

Board should improve its licensing functions

Board should further improve its licensing processes—We reviewed a random sample of 27 license applications approved in calendar year 2012 and found that the Board had not obtained the necessary documentation to determine that 6 applicants met all statutory and rule licensing requirements. However, the Board reported that it revised its license application and approval processes in August 2012 and began obtaining the needed documentation. Our review of a sample of nine license applications approved in calendar year 2013 found that the Board received all required documentation. Despite this change, the Board lacks written policies and procedures regarding its license application process.

Board should track compliance with licensing time frames—The Board does not track its compliance with statutorily required time frames. Failure to comply with the time frames may result in the Board having to refund licensing fees and pay a penalty to the State General Fund. We reviewed a sample of 30 approved license applications and found that 17 applications did not have enough information to determine whether the Board issued licenses within the time frames.

Board should report detailed and supported licensing information—In its fiscal years 2014 and 2015 proposed budget, the Board reported that it had an expected total of 118,000 licensed individuals and establishments during fiscal year 2013. Although this total included 57,921 active licenses as of June 2013, it also included delinquent and inactive licenses, including 25,574 licenses that had been inactive for more than 10 years and that the Board no longer regulated.

Board should propose statutory changes—The Board can strengthen its license-renewal requirements by working with its stakeholders to develop and propose legislation requiring licensees to complete continuing education as a condition of license renewal. Several other states require continuing education in subjects such as health/safety, HIV/AIDS, and sanitation and sterilization. In addition, the Board should propose legislation to change the license-renewal frequency from 1 to 2 years.

Recommendations

The Board should:

- Develop and implement policies and procedures regarding the documentation it must obtain to ensure applicants meet all licensure requirements and for tracking compliance with licensing time frames;
- Ensure that the information it reports is sufficiently detailed and supported; and
- Work with its stakeholders to develop and propose legislation to require continuing education and extend the license-renewal frequency to 2 years.

Board should revise its inspection approach

Board should develop a risk-based inspection approach—The Board is required to conduct initial inspections of salons around the time of licensure and thereafter on a regular basis, with an internal goal of annual subsequent inspections. However, we reviewed a random sample of 54 licensed salons and found that 22 salons had been open for a median time of 2 years without receiving an initial inspection as of

May 2013. For the 32 salons that were inspected, it took the Board a median of approximately 218 days to conduct an initial inspection. Additionally, 21 of the 32 salons that received an initial inspection had been open long enough to receive a subsequent inspection. However, for 20 of the 21 salons, the Board did not conduct annual inspections. The lack of an effective process for monitoring the timeliness and frequency of inspections contributed to this problem. Further, the Board does not use a risk-based approach to focus its inspection on the riskiest salons—those that pose the greatest health and safety risk to the public.

Salon inspections not always thorough or consistently performed—The Board created a checklist for its inspectors to use when conducting an inspection. However, the checklist has not been updated to reflect current statutory or rule requirements, and it includes vague items, such as “client protection,” which can cover multiple requirements. We also observed inspectors not using the checklist to guide their inspections and not checking salons for compliance with all requirements.

Recommendations

The Board should develop a risk-based inspection approach and update its inspection checklist, including clarifying any vague requirements.

Board should improve its complaint resolution process

Board inadequately investigated complaints—We reviewed a random sample of 16 complaints and found that 8 complaint investigations appeared to be inadequate or insufficiently documented. For example, where unlicensed activity was alleged, the investigator just asked the individual about his/her activities rather than posing as a potential client to see if the person would schedule an appointment and then going to the salon to conduct other investigative activities.

Board’s procedures for reviewing and adjudicating complaints are insufficient—First, the Board prematurely considers a licensee’s disciplinary history, which may influence board members’ decisions on whether or not a licensee has violated statutes or rules. Second, the Board does not receive investigation reports for complaints where board staff have recommended that it dismiss a complaint or issue a letter of concern. Without this information, board members cannot ensure they agree with staff recommendations. Third, when adjudicating complaints, board members are not stating whether a statutory or rule violation has occurred as they should do before deciding whether or not to impose discipline.

Recommendations

The Board should:

- Develop and implement policies and procedures for conducting adequate complaint investigations; and
- Improve its procedures for reviewing and adjudicating complaints.

Board should improve its provision of information to public

Although the Board responds to public requests for information over the phone, it does not provide timely and complete information in response to these requests. We placed four phone calls to the Board asking about complaint and disciplinary history information for four licensees. For three of these calls, we were instructed to leave messages. Board staff returned one call within 48 hours, but did not return the other two phone calls. For the fourth call, the Board was unable to provide any licensing or complaint history information for the requested licensee. Additionally, unlike some other Arizona state regulatory boards, the Board does not provide complaint or disciplinary history information on its Web site.

Recommendations

The Board should ensure that its staff provide complete and accurate information over the phone and provide complaint and disciplinary history information on its Web site.