



A REPORT
TO THE
ARIZONA LEGISLATURE

Performance Audit Division

Performance Audit and Sunset Review

State of Arizona Naturopathic Physicians Medical Board

September • 2014
REPORT NO. 14-106



Debra K. Davenport
Auditor General

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September 25, 2014

Members of the Arizona Legislature

The Honorable Janice K. Brewer, Governor

Ms. Gail Anthony, Executive Director
State of Arizona Naturopathic Physicians Medical Board

Transmitted herewith is a report of the Auditor General, *A Performance Audit and Sunset Review of the State of Arizona Naturopathic Physicians Medical Board*. This report is in response to an October 3, 2013, resolution of the Joint Legislative Audit Committee and was conducted as part of the sunset review process prescribed in Arizona Revised Statutes §41-2951 et seq. I am also transmitting within this report a copy of the Report Highlights for this audit to provide a quick summary for your convenience.

As outlined in its response, the State of Arizona Naturopathic Physicians Medical Board agrees with all of the findings and plans to implement or implement in a different manner all of the recommendations.

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

Sincerely,

Debbie Davenport
Auditor General

Attachment

cc: State of Arizona Naturopathic Physicians Medical Board Members



REPORT HIGHLIGHTS PERFORMANCE AUDIT

Board should strengthen its policies and procedures for reviewing and approving licenses and certificates

Our Conclusion

The State of Arizona Naturopathic Physicians Medical Board (Board) licenses naturopathic physicians and issues certificates to these physicians, medical assistants, and students participating in training programs. The Board should strengthen its licensing policies and procedures to better ensure that applicants meet all licensing and certification requirements. The Board should also continue to include paper renewal applications in its audits of continuing medical education and develop an electronic mechanism to track its compliance with licensing time frames. Because the executive director investigates complaints but also has authority to dismiss complaints, the Board should have policies establishing when such dismissals are appropriate and have the executive director report on complaint-related actions. In addition, the Board should adopt policies and procedures to guide its disciplinary decisions and timely complaint processing. Finally, the Board should improve the timeliness and accuracy of the information it provides to the public.



2014

As of March 2014, the Board regulated 760 licensed naturopathic physicians, the majority of whom also had a certificate to dispense natural substances, drugs, and devices, and had 14 medical assistant and 315 physician training certificate holders.

Board should strengthen its licensing policies and procedures—The Board's procedures did not ensure that all applicants met licensing/certification requirements. For example, we found an instance where a license application was not placed on a board meeting agenda for the Board's required review and approval. Our review of a sample of six licensure-by-endorsement applications disclosed that one applicant had not met the 3 years of active practice statutory requirement and that for three applicants, the Board did not obtain sufficient documentation to ensure that these applicants met all license requirements. In addition, we reviewed the application files of three preceptorship conduct certificate holders, and the files lacked documentation that the applicants met the certificate requirements.

Board should continue conducting medical education audits of paper renewals—Each licensed naturopathic physician must complete continuing medical education hours and report compliance on his/her license renewal application. A physician may apply for renewal either online or by paper. The Board is required to audit 10 percent of the renewal applications for continuing education compliance. However, the Board had only been auditing the license renewal applications submitted online and not the paper renewal applications. Once we informed the Board of this oversight, the Board began auditing paper license renewals for calendar year 2014.

Board should develop an electronic tracking mechanism—The Board has established time frames for issuing licenses and certificates, as required by law, but the Board does not track its compliance with the time frames. Although the Board processed 56 of the 60 license and certificate applications we reviewed within the overall required time frames, an electronic tracking system would help the Board know whether it is meeting time frames, whether it should address problems that would lead to untimely issuance, and whether it should refund license fees for untimely issued licenses or certificates.

Recommendations

The Board should further strengthen or develop and implement policies and procedures to:

- Ensure that all license applications are placed on the board agenda for approval;
- Ensure that applicants for licensure-by-endorsement and applicants for certificates to conduct preceptorship training programs meet all requirements;
- Continue to ensure that it audits 10 percent of all license renewal applications; and
- Track compliance with licensing and certificate time frames. The Board should also develop and implement an electronic tracking mechanism for doing so.

Board should strengthen its process for handling complaints

Board should implement additional complaint-handling guidance—Between January 2011 and December 2013, the Board opened an estimated 80 complaints. As part of the complaint process, the Board has allowed its executive director to dismiss complaints, but there are no policies and procedures to guide dismissals or require a board review. Such policies and procedures are important because the executive director both investigates and can dismiss complaints without a separate review.

The Board also does not have policies or procedures to guide its disciplinary actions. This type of guidance would help the Board ensure that similar violations receive similar levels of discipline.

Board should develop policies and procedures to guide timely complaint processing—We have found that regulatory boards should resolve complaints within 180 days. In our review of a sample of 19 complaints, the Board took more than 180 days to resolve 15 of them, including 3 that took more than a year. Several factors may affect the Board's complaint resolution timeliness, and the Board does not have policies and procedures for these:

- Time frames for each step of the investigation process, such as when to open a complaint. The Board reported that complaints are usually opened within 30 days of receipt, but five of the complaints we reviewed took much longer to open.
- Prioritizing complaint investigations based on their seriousness. The Board should address the most serious complaints first, based on potential danger to the public.
- Extending the time for a physician to respond to a complaint.
- Tracking complaints through the complaint resolution process.

Board should develop policies and procedures for investigating complaints from other states—The Board has investigated complaints against Arizona licensed naturopathic physicians with allegations that occurred in another state. Although the Board can investigate these complaints, it is not required to do so. Because it has limited resources, the Board should develop and implement policies and procedures that indicate under what circumstances it will investigate a complaint that originates in another state.

Recommendations

The Board should develop and implement policies and procedures to:

- Establish when it is appropriate for the executive director to dismiss complaints;
- Guide the Board's disciplinary actions;
- Help to ensure that the Board resolves complaints in a timely manner; and
- Indicate under what circumstances it will investigate complaints that originate in other states.

Board should improve its provision of public information

During the audit, we placed phone calls to the Board to test how well the Board provides license and complaint information to the public. We asked whether a physician had a complaint or had been disciplined and whether physicians were licensed, and assessed how long the Board took to return messages. In response to these calls, we received some inaccurate complaint information, and inconsistent licensing information. We also had to wait 7 days for the Board to return one of the calls.

Recommendation

The Board should develop and implement policies and procedures for ensuring that it provides accurate and consistent information over the phone and that it quickly returns phone calls.

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Introduction

Audit scope and objectives

The Office of the Auditor General has conducted a performance audit and sunset review of the State of Arizona Naturopathic Physicians Medical Board (Board) pursuant to an October 3, 2013, resolution of the Joint Legislative Audit Committee. This audit was conducted as part of the sunset review process prescribed in Arizona Revised Statutes (A.R.S.) §41-2951 et seq. This audit addresses the Board's licensing and complaint resolution processes, and how it provides information to the public. It also includes responses to the statutory sunset factors.

Mission and responsibilities

The Board was established in 1935 with the mission to protect the public through regulating the practice of naturopathic medicine (see textbox). The Board's responsibilities include:

- **Licensing and certifying professionals**—The Board licenses naturopathic physicians and, upon separate application, can issue these physicians certificates to dispense natural substances, drugs, and devices, and certificates to conduct training programs (preceptorships). The Board also regulates naturopathic medical assistants, who must be board-certified. Further, the Board issues certificates to students in a naturopathic clinical training program, and students engaging in a naturopathic preceptorship training program. According to board records, as of March 17, 2014, the Board had 760 licensed naturopathic physicians; 14 medical assistant certificate holders; 315 physician training certificate holders; 532 certificates to dispense natural substances, drugs, and devices; and 18 certificates to conduct preceptorship training programs (see Table 1, page 2). According to board records, the Board issued, on average, 59 initial licenses and 212 certificates annually during fiscal years 2012 and 2013.¹
- **Resolving complaints**—The Board investigates complaints against licensees and certificate holders and can take statutorily authorized nondisciplinary or disciplinary action, as needed, such as issuing a letter of concern or placing a licensee on probation (see page 13 for more information on nondisciplinary and disciplinary options). According to the Board's complaint log, the Board opened an estimated 80 complaints between January 2011 and December 2013.²

Practice of naturopathic medicine—A system of diagnosing and treating patients using natural means such as physical manipulation, clinical nutrition, herbal medicine, homeopathy, counselling, acupuncture, and hydrotherapy.

¹ The average number of certificates issued in fiscal years 2012 and 2013 include all certificate types, with the majority of these certificates being certificates to participate in clinical training programs.

² An estimate of the number of complaints opened is included because auditors identified some concerns with the Board's complaint log, including incorrect case numbers and a lack of policies and procedures directing the type of information to record on the log to help ensure it is complete and accurate (see page 17 for more information about the Board's basic spreadsheet used to log complaints).

- **Providing information to the public**—The Board provides information about licensees and certificate holders, including disciplinary history, on its Web site. In addition, the Board publishes public meeting agendas and minutes on its Web site. Board staff also respond to requests for public information, including requests made by phone, regarding the license status and disciplinary history of naturopathic physicians.

Organization and staffing

As required by A.R.S. §32-1502, the Board is to consist of seven governor-appointed members including four physician members and three public members. As of July 2014, the Board had five members, but two of its public member positions were vacant. According to the Governor’s Office of Boards and Commissions, one position has been vacant since February 2012 and the other has been vacant since July 2013.¹ Board members serve a 5-year term. The Board was authorized two full-time equivalent staff positions, of which 1.5 positions were filled as of July 2014.

Table 1: Number of licenses and certifications the Board issued As of March 17, 2014 (Unaudited)

| | |
|--|------------|
| Regulated groups | |
| Naturopathic medical physician license | 760 |
| Medical assistant certificate | <u>14</u> |
| Total regulated groups | <u>774</u> |
| Licensed physician certificates¹ | |
| Certificate to dispense | 532 |
| Preceptorship conduct | <u>18</u> |
| Total physician certificates | <u>550</u> |
| Physician training certificates² | |
| Clinical training | 304 |
| Preceptorship engage | <u>11</u> |
| Total training certificates | <u>315</u> |

¹ Not every physician applies for a certificate, and some physicians apply for and receive both certificates.

² The clinical training and preceptorship engage certificates are issued to prospective physicians while these individuals are in training prior to receiving a physician’s license in Arizona.

Source: Auditor General staff compilation of board database information as of March 17, 2014.

Budget

The Board does not receive any State General Fund appropriations. Rather, its revenues consist primarily of license and certification fees. A.R.S. §32-1551 requires the Board to remit to the State General Fund all monies collected from civil penalties. A.R.S. §32-1505 requires the Board to deposit 10 percent of all other revenues to the State General Fund and deposit the remaining 90 percent to the State of Arizona Naturopathic Physicians Medical Board Fund. As shown in Table 2 (see page 3), the Board’s fiscal year 2014 net revenues totaled \$303,452. Personnel costs accounted for the majority of the Board’s expenditures, which totaled \$155,075 in fiscal year 2014. The Board’s fiscal year 2014 ending fund balance was approximately \$364,000.

¹ According to the Governor’s Office of Boards and Commissions, a candidate had been identified to fill one of these positions and was awaiting governor approval.

**Table 2: Schedule of revenues, expenditures, and changes in fund balance¹
Fiscal years 2012 through 2014
(Unaudited)**

| | 2012 | 2013 | 2014 |
|---|------------|------------|----------------------|
| Revenues | | | |
| Licenses and fees | \$ 813,656 | \$ 774,460 | \$ 319,744 |
| Examination fees | 10,500 | 7,680 | 6,600 |
| Fines, forfeits, and penalties | 38,221 | 40,991 | 19,091 |
| Other | 20,320 | 17,055 | 586 |
| Total gross revenues | 882,697 | 840,186 | 346,021 |
| Credit card transaction fees | (1,054) | (1,110) | (2,145) |
| Remittances to the State General Fund ² | (90,425) | (90,854) | (40,424) |
| Net revenues | 791,218 | 748,222 | 303,452 |
| Expenditures and transfers | | | |
| Personal services and related benefits | 480,358 | 422,062 | 120,034 |
| Professional and outside services | 5,945 | 13,200 | 1,669 |
| Travel | 1,339 | 1,234 | 746 |
| Other operating | 114,037 | 133,126 | 30,511 |
| Equipment | 2,453 | 11,269 | 2,115 |
| Total expenditures | 604,132 | 580,891 | 155,075 |
| Transfers to other agencies and the State General Fund ³ | 7,806 | | 860 |
| Total expenditures and transfers | 611,938 | 580,891 | 155,935 |
| Net change in fund balance | 179,280 | 167,331 | 147,517 |
| Fund balance, beginning of year | 531,554 | 710,834 | 216,469 ¹ |
| Fund balance, end of year | \$ 710,834 | \$ 878,165 | \$ 363,986 |

¹ The table includes the Arizona State Board of Massage Therapy for fiscal years 2012 and 2013 because the Board and the Arizona State Board of Massage Therapy were combined. Specifically, the finances, appropriations, and executive director were all under the Board; however, beginning July 1, 2013, Laws 2013, Ch. 108, separated the two boards completely. Consequently, the fiscal year 2014 amounts include only the Board's revenues and expenditures, and the beginning fund balance was adjusted to remove the Arizona State Board of Massage Therapy.

² As required by statutes, the Board remits to the State General Fund 100 percent of all collected penalties and 10 percent of all other revenues.

³ Fiscal year 2012 amount primarily consists of transfers to the State General Fund in accordance with Laws 2011, Ch. 24, §§108(49), 129, and 138, to provide support for state agencies.

Source: Auditor General staff analysis of the Arizona Financial Information System (AFIS) *Accounting Event Transaction File* for fiscal years 2012 and 2013, AFIS Management Information System *Status of General Ledger-Trial Balance* screen for fiscal years 2012 through 2014, and *Status of Revenue by Fund* and *Status of Budget* screens for fiscal year 2014.

Licensing

Board should strengthen its policies and procedures for reviewing and approving licenses and certificates

The Board should strengthen its policies and procedures for reviewing and approving licenses and certificates. It should also continue to conduct continuing medical education audits on 10 percent of licensees who renew on paper applications annually as required by statute, and develop an electronic tracking mechanism to track compliance with statutorily required time frames for processing applications.

The State of Arizona Naturopathic Physicians Medical Board (Board) should strengthen its policies and procedures for reviewing and approving license and certificate applications to better ensure that applicants have met all requirements before it issues licenses or certificates to them. State statutes contain specific requirements for the various types of licenses and certificates, but auditors' review showed the Board's procedures were not adequate to ensure that all applicants met all of these requirements.

Board must approve licenses and review certificate approvals—Board statutes and rules outline the specific requirements to obtain a naturopathic medical license and the five different types of certificates the Board issues. For licenses, these requirements vary depending on whether the applicant is taking state and national examinations specified in statute—a process called licensure by examination—or already has a license in another state—a process called licensure by endorsement (see textbox, page 6, for requirements). In all cases, however, applicants for a license or certificate must submit the appropriate application, fee, and required supporting documentation.

The Board has established some policies and procedures to guide its license and certificate application processing to help ensure applicants meet statutory and rule requirements. For example, the Board has established a checklist to ensure that licensure-by-examination applicants submit required documents. According to Arizona Revised Statutes (A.R.S.) §32-1522.01, once board staff determine that an applicant has met the licensure requirements, the executive director can issue the applicant a temporary license at the applicant's request. Staff will then place the application on the next board meeting agenda for approval. According to A.R.S. §32-1526, only the Board is authorized to issue a license, while the executive director may approve and issue certificates as long as the Board reviews these approved certificates at its next meeting.

Procedures are not adequate to ensure applicants meet all requirements—Despite having some procedures in place, the Board did not ensure or document that some applicants met all licensing or certificate requirements.¹ Specifically:

¹ Auditors also reviewed a sample of medical assistant certificates as well as certificates for clinical training, preceptorships, and dispensing natural substances, drugs, and devices, but did not find any problems with these certificates' issuance. See Appendix A (pages a-1 through a-2) for more information on the sample.

- **One license application that auditors reviewed did not receive board approval**—Auditors reviewed a random sample of 20 applications for licensure by examination that the Board approved between September 2011 and May 2013 and found that one applicant received a temporary license and, subsequently, an initial license dated April 2012, but staff never forwarded the license application to the Board for its review and approval. According to A.R.S. §32-1526, a license may not be issued without a board vote. However, because board staff did not put this license application on the board meeting agenda, the Board was not able to exercise its authority to approve or deny this license.

Additionally, the Board did not have the opportunity to review this applicant’s self-reported criminal history information. According to a board official, the Board’s practice has been to separately consider applications only if the applicant has a criminal history that was identified through the fingerprint background check. Although the applicant self-reported having been charged with a misdemeanor for driving under the influence, this information did not show up in the fingerprint background check. A board official reported that consistent with its practice, the Board would not have been made aware of this information. However, according to A.R.S. §32-1522, a licensure applicant must be of good moral and professional reputation. Thus, the Board should consider all criminal history information regardless of how it is identified. Inadequate board policies and procedures, such as procedures for ensuring that board staff forward all complete license applications to the Board for consideration and for ensuring the Board is aware of an applicant’s criminal history, may have contributed to these oversights.

- **One licensure-by-endorsement applicant who auditors reviewed did not meet all statutory qualifications**—Auditors reviewed a random sample of six applications for

Example license and certification requirements

- **Licensure by examination**—An applicant must meet requirements that A.R.S. §32-1522 specify, which include graduating from an approved naturopathic medicine school; completing an internship, preceptorship, or clinical training program in naturopathic medicine; and being of good moral and professional reputation, i.e., not being guilty of any unprofessional conduct. In addition, applicants must pass national and state exams that A.R.S. §32-1525 require.
- **Licensure by endorsement**—An applicant must meet the licensure requirements that A.R.S. §32-1522 require(see above), pass an Arizona naturopathic jurisprudence exam, be licensed to practice as a physician of naturopathic medicine by another state, and for at least 3 years immediately preceding the application be actively engaged in one or more of the following areas:
 - A doctor of naturopathic medicine;
 - An approved naturopathic medicine internship, preceptorship, or clinical training program;
 - An approved naturopathic medicine postdoctoral training program in naturopathic medicine; and/or
 - A resident study of naturopathic medicine.
- **Certification to conduct preceptorships**—An applicant must file a completed application with the Board, which includes information on the applicant’s training program, including the facility’s address, the preceptee’s supervisor, and the program’s mission and goals.

Source: Auditor General staff review of A.R.S. §§32-1522, 32-1523, 32-1525, and Arizona Administrative Code (AAC) R4-18-503.

licensure by endorsement that the Board approved between September 2011 and May 2013 and found that the Board did not ensure that one of the applicants met all statutory requirements for licensure. Specifically, as A.R.S. §32-1523 requires, licensure-by-endorsement applicants must actively practice naturopathic medicine for 3 years immediately preceding the application.¹ However, for one of the six applications reviewed, the applicant had only approximately 2 years of experience practicing naturopathic medicine prior to receiving an Arizona license. According to a board official, the Board has historically considered attending a naturopathic school as active practice and therefore felt this applicant had 3 years of experience. However, statute does not indicate that the time spent attending a naturopathic school satisfies the active practice requirement.

Inadequate policies and procedures, including the Board's checklist, for processing these license applications may have contributed to this issue. Specifically, the Board's policies and procedures do not require board staff to check that the applicant has 3 years of active practice prior to applying for the license. It requires staff to check only that the applicant has a license in another state.

- **For three licensure-by-endorsement applications that auditors reviewed, board staff did not obtain documentation to verify compliance with endorsement qualifications**—For three of the six licensure-by-endorsement applications auditors reviewed, board staff did not obtain sufficient documentation to ensure applicants met all license requirements. Specifically, two of the three applications lacked documentation that the applicant had graduated from an approved naturopathic medicine school and had completed an internship, preceptorship, or clinical training program (see textbox, page 6, for requirements). The third application lacked this same documentation, along with documentation that the applicant was actively engaged in the practice of naturopathic medicine for 3 years immediately preceding the application.

Although the Board has created a checklist to determine whether an applicant meets licensure qualifications, the Board does not use the checklist to ensure the applicant has graduated from an approved school. In addition, the Board's policies and procedures, including its checklist, do not require staff to check that licensure-by-endorsement applicants have completed an internship, preceptorship, or clinical training program. According to a board official, the Board does not request applicants to submit this documentation because the other jurisdiction where the applicant is licensed would have required the applicant to submit proof of compliance with these requirements. However, licensure requirements for other states may be different. In addition, four of the five western states auditors contacted stated that they require applicants already licensed in another state to submit the same materials, such as transcripts, as applicants for initial licensure or registration.²

- **Three preceptorship conduct certification applicants who auditors reviewed did not meet certification requirements**—Auditors reviewed a random sample of three initial certificates to conduct preceptorship training programs that the Board approved between May 2012 and September 2012. These certificates allow a licensed naturopathic physician to

¹ According to A.R.S. §32-1523, active practice includes active practice as a doctor of naturopathic medicine; an approved internship, preceptorship, or clinical training program in naturopathic medicine; an approved postdoctoral training program in naturopathic medicine; and the resident study of naturopathic medicine at an approved school of naturopathic medicine.

² Auditors placed calls to five western states that regulate naturopathic medicine, specifically California, Colorado, Oregon, Utah, and Washington.

provide post-graduate training to a naturopathic medical school graduate (preceptee). None of the three files contained an application or other documentation to demonstrate that the applicant met the certificate requirements. Specifically, according to AAC R4-18-503, licensed naturopathic physicians applying for a certificate to conduct a preceptorship training program must submit an application that includes information on the training program such as the training facility's address, the training supervisors' names, and the program's mission and goals. According to a board official, the Board has historically not required licensed physicians to submit an application to receive this certificate, but instead has required licensed physicians applying for a certificate to conduct a preceptorship training program to sign the preceptee's application.¹ Once the Board received the physician's signature on the preceptee application, the Board would issue the licensed physician a certificate to conduct a preceptorship training program.

According to a board official, board staff realized that they had not been ensuring that applicants were meeting requirements, and by fiscal year 2014, the Board had created an application form that requires applicants to submit the required information. Auditors reviewed one certificate application from fiscal year 2014 and determined it contained the required information. The Board is statutorily required to periodically inspect and evaluate these preceptorship training programs, so it is important for the Board to continue requiring physician applicants to submit applications demonstrating compliance with the certificate requirements (see Sunset Factor 2, pages 23 through 24, for more information on these required inspections).

Board should enhance its licensing policies and procedures—To better ensure license and certificate applicants meet all statutory and rule requirements, the Board should enhance its policies and procedures. Specifically, the Board should:

- **Establish policies and procedures for ensuring it approves completed applications—**The Board should develop and implement policies and procedures for approving applications in two areas. First, it should develop and implement policies and procedures to ensure that board staff place all completed license applications on its agenda for approval. For example, the Board could establish a reconciliation procedure to ensure that board staff place all completed applications, including those that have been issued a temporary license, on a board agenda for approval or disapproval. Second, the Board should develop and implement policies and procedures to ensure that board staff place all applicants with criminal history information, whether self-reported or resulting from the background check, on a board agenda for a specific consideration and approval or disapproval. According to a board official, board staff will now place all criminal history information on the Board's agenda for separate consideration.
- **Strengthen policies, procedures, and forms for licensure-by-endorsement applicants—**The Board should strengthen its policies and procedures, including its application and checklist, to help ensure that applicants applying for licensure by endorsement meet all statutory and rule requirements. These policies and procedures, including the application and checklist, should specify the documentation applicants must submit to demonstrate meeting all license requirements, including requirements for

¹ The preceptee must submit an application to receive a certificate to participate in a preceptorship training program.

actively practicing naturopathic medicine for 3 years immediately preceding the application and graduating from an approved school.

- **Develop policies and procedures for issuing certificates to conduct preceptorship training programs**—In addition to the application form it has already implemented for licensed physicians to apply for a certificate to conduct a preceptorship training program, the Board should develop and implement policies and procedures, including a checklist, to guide board staff in obtaining and documenting the information necessary for the Board to determine whether applicants meet the certificate requirements.

Board should continue to conduct continuing medical education audits of paper renewal applications

To better assess licensee compliance with continuing medical education requirements, the Board should ensure it also conducts audits of applicants who submit license renewal applications on paper rather than online. According to AAC R4-18-205, licensees must complete 30 hours of continuing medical education annually. To help ensure compliance with this requirement, the Board's administrative rules require an audit of the completed continuing medical education for 10 percent of license renewals. To renew a license, licensees must submit a renewal application, either online or on paper, and attest that they have completed the required continuing medical education hours. A board official estimated, for renewals effective January 2014, that approximately 90 percent of licensees renewed their license online and approximately 10 percent of licensees renewed their license on paper. However, according to a board official, although the Board's online system is programmed to select every tenth applicant who renews online for a continuing medical education audit, the Board had not conducted continuing medical education audits of licensees who submitted paper renewal applications. As a result, the Board was not complying with its administrative rule.

Continuing education helps to ensure that health professionals keep their knowledge and skills up to date. The Board considers failure to complete continuing medical education unprofessional conduct, which may result in board-imposed discipline. For example, for 2 of the 19 complaints auditors reviewed that the Board resolved between July 2011 and February 2014, the Board imposed discipline against two physicians who falsely attested to complying with continuing medical education requirements. Board staff became aware of both of these violations after initiating audits of these licensees' continuing medical education. The Board suspended these two physicians' licenses until they completed the required continuing medical education.

The Board has already taken some steps to conduct medical education audits of licensees who submit paper renewal applications, but needs to go further. According to a board official, the Board was unaware that the 10 percent audit requirement applied to both online and paper renewals. Since auditors made the Executive Director aware of this requirement, she has identified and is auditing the continuing medical education for an additional 11 licensees, which, according to board records, represent approximately 10 percent of those who renewed by paper for calendar year 2014.¹

¹ License renewals for 2014 were due by December 31, 2013.

The Executive Director has notified these individuals by mail that they need to submit proof of completing the required continuing medical education. Going forward, the Board should build on these changes by developing and implementing policies and procedures to ensure it continues to audit 10 percent of all license renewal applications.

The Board should also take steps to formalize the audit process. Although staff perform these audits and have found and reported violations to the Board, there are no policies or procedures setting forth how to perform these audits. Policies and procedures are important for ensuring continuity in performing these audits, such as when new staff assume these responsibilities. Therefore, to help ensure that board staff continue to consistently perform continuing medical education audits, the Board should develop and implement policies and procedures setting forth how to perform those audits. These policies and procedures should specify what documentation is acceptable for proving that licensees have completed continuing medical education and how board staff should document and report these audits' results to the Board.

Board should develop an electronic mechanism to track its compliance with required time frames for issuing licenses and certificates

The Board does not use an electronic mechanism for determining whether it is in compliance with statutorily required time frames for issuing licenses and certificates. Statute requires the Board to establish time frames in administrative rule for issuing licenses and certificates. These time frames are important because they inform and assure the public about what to expect in regard to having a license or certificate approved or denied, and increase the Board's accountability if it does not meet time frames. Specifically, if the Board does not meet its time frames, A.R.S. §41-1077 requires it to refund license and certificate fees to applicants and pay a penalty of 2.5 percent of the applicant's fees to the State General Fund for each month that it does not issue or deny the licenses or certificates within the established time frames.

Although the Board has established time frames to process applications in administrative rule, it does not track its compliance with these time frames. Auditors reviewed 60 applications for licenses and certificates the Board approved between September 2009 and October 2013. For 56 of these applications, auditors manually calculated how long it took the Board to process these applications using such items as application dates and board meeting minutes.¹ Based on available documentation, auditors estimated that the Board issued the licenses and certificates within the required overall time frames for these applications.

However, even though the Board processed the applications within the overall time frame, an electronic tracking system would help the Board determine whether it needs to make any adjustments to its process. Such a system also would allow the Board to assess the efficiency of various steps in the application process. Specifically, the Board's administrative rules establish

¹ For the other four applications, because the Board never approved one license application (see page 6) and did not require three applicants for certificates to conduct preceptorship training programs to submit an application for approval (see pages 7 through 8), it did not have the necessary information for auditors to calculate the processing time frames for these applications. See Appendix A, pages a-1 through a-2, for more information on the applications auditors sampled.

interim time frames for various parts of the application process that, if met, ensure that the Board will process the application within the overall time frame. However, the Board does not track its compliance with these interim time frames and does not always retain sufficient documentation to manually calculate its compliance with these interim time frames. For example, board staff did not always retain documentation indicating when applicants lacked required documentation for certification or had successfully submitted all required documentation for licensure or certification. By using an electronic mechanism to track compliance with the license and certificate processing time frames, the Board can determine whether:

- It is meeting its license- and certificate-processing time frames established in administrative rule;
- It should identify and address any problems that potentially lead to licenses' and certificates' untimely processing; and
- It should refund an applicant's licensing fees and remit a penalty to the State General Fund as A.R.S. §41-1077 requires.

Therefore, the Board should develop and implement policies and procedures to track compliance with all licensing and certification time frames and train board staff on them. These policies and procedures should also specify the documentation that the Board should retain to allow it to track compliance with its time frames and what information board staff should periodically report to the Board. To effectively track and report licensing time frame information, the Board should develop and implement an electronic mechanism for doing so.

Recommendations:

1. The Board should develop and implement policies and procedures:
 - a. To ensure that board staff place all completed license applications on its agenda for approval; and
 - b. To ensure that board staff place all applicants with criminal history information, whether self-reported or resulting from the background check, on a board agenda for special consideration and approval or disapproval.
2. The Board should strengthen its policies and procedures, including its application and checklist, to help ensure that applicants applying for licensure by endorsement meet all statutory and rule requirements. These policies and procedures, including the application and checklist, should specify the documentation applicants must submit to demonstrate meeting all license requirements, including requirements for actively practicing naturopathic medicine for 3 years immediately preceding the application and graduating from an approved school.

3. The Board should develop and implement policies and procedures, including a checklist, to guide board staff in obtaining and documenting the information necessary for the Board to determine whether applicants for certificates to conduct preceptorship training programs meet the certificate requirements.
4. The Board should develop and implement policies and procedures to ensure it continues to audit 10 percent of all license renewal applications.
5. The Board should develop and implement policies and procedures setting forth how to perform continuing medical education audits. These policies and procedures should specify what documentation is acceptable for proving licensees have completed continuing medical education and how board staff should document and report these audits' results to the Board.
6. The Board should develop and implement policies and procedures to track compliance with all licensing and certification time frames and train board staff on them. These policies and procedures should also specify the documentation that the Board should retain to allow it to track compliance with its time frames and what information board staff should periodically report to the Board.
7. To effectively track and report licensing time frame information, the Board should develop and implement an electronic mechanism for doing so.

Complaint resolution

The Board has procedures for investigating complaints, but needs to strengthen its procedures for dismissing complaints, imposing discipline, and ensuring that board staff process complaints in a timely manner.

Board should strengthen its process for handling complaints

Although the State of Arizona Naturopathic Physicians Medical Board (Board) has policies and procedures for investigating complaints, it needs to strengthen its policies and procedures regarding the review and potential dismissal of complaints and what discipline to impose to address statutory and/or rule violations. The Board is responsible for investigating complaints against licensed or certified individuals and may dismiss complaints or take nondisciplinary or disciplinary action, as necessary (see textbox). Statute authorizes the Board to investigate complaints alleging statute and rule violations, including medical incompetence, unprofessional conduct, and an inability to be mentally or physically able to engage safely in the practice of naturopathic medicine. Complaints may be submitted by the public or initiated by the Board and are investigated by the executive director. According to the Board's complaint log, the Board opened an estimated 80 complaints between January 2011 and December 2013.¹

Board has developed policies and procedures for investigating complaints—The Board has developed policies and procedures to guide its complaint investigation process. For example, its procedures direct the executive director to collect evidence, such as interviewing the parties involved and requesting or subpoenaing applicable records, in order to fully investigate the complaint. Once the complaint investigation is complete, the executive director prepares an investigative report, which outlines the alleged violations and investigation results for board member review. Auditors reviewed a sample of 19 complaints the Board resolved between July 2011 and February 2014 and found that for each complaint, the Executive Director gathered the type of information outlined in the procedures and, in most cases, prepared an investigative report that the Board could use to help determine how to resolve the complaint.²

Board needs guidance and oversight for executive director dismissals—Consistent with A.R.S. §32-1509(23), the Board has allowed its executive director to dismiss complaints. However, the Board lacks guidance on when the executive director should dismiss a complaint.

Board's nondisciplinary and disciplinary options:

Nondisciplinary options

- Letter of concern
- Order for continuing medical education

Disciplinary options

- Civil penalty
- Letter of reprimand
- Decree of censure
- Probation
- Suspension
- Revocation

Source: Auditor General staff analysis of Arizona Revised Statutes (A.R.S.) §§32-1551 and 32-1553.

¹ An estimate of the number of complaints opened is included because auditors identified some concerns with the Board's complaint log, including incorrect case numbers and a lack of policies and procedures directing the type of information to record on the log to help ensure it is complete and accurate (see page 17 for more information about the Board's basic spreadsheet used to log complaints).

² For one complaint, the Executive Director did not prepare an investigative report. However, several agencies jointly investigated this complaint and the other agencies involved prepared investigative reports. For more information about auditors' sampling method, see Appendix A, pages a-1 through a-2.

Further, since July 2013, the current Executive Director has served as the Board's sole investigator and, in her capacity as Executive Director, has dismissed several complaints that she investigated. Without guidance and oversight over executive director complaint dismissals, there is the risk that the executive director may inappropriately dismiss some complaints because only one person is involved in the complaints' investigation, review, and dismissal. This risk is further increased because the Board is not informed of executive director complaint dismissals and therefore does not have the opportunity to review these dismissals. Therefore, to ensure it adequately separates its complaint investigation and adjudication functions, the Board should develop and implement policies and procedures that:

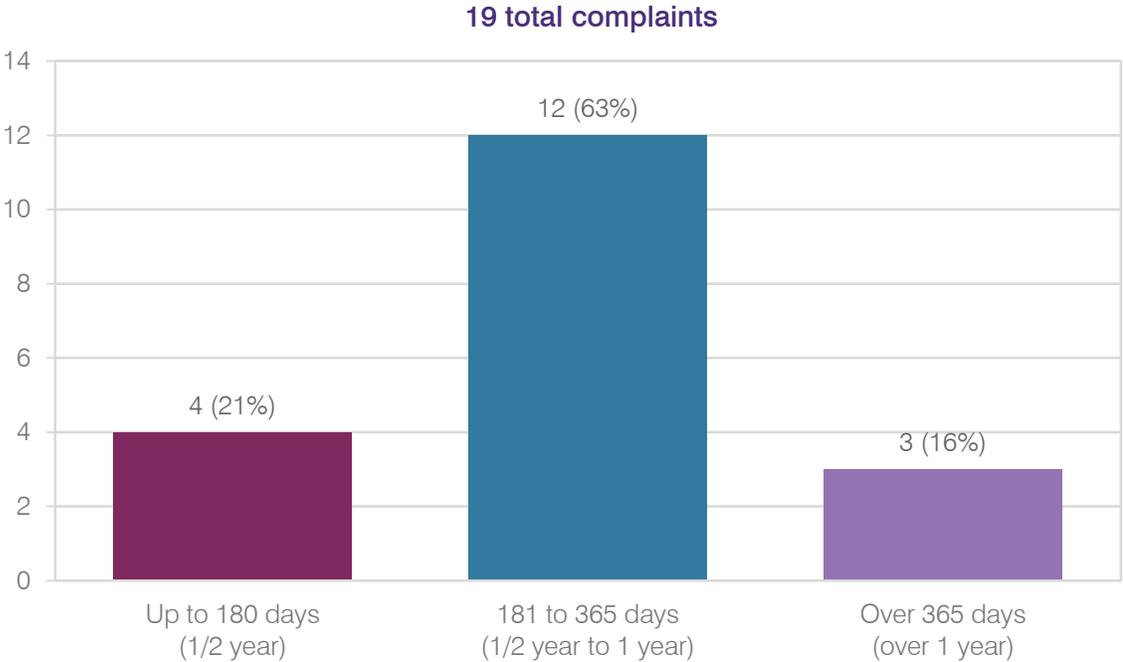
- **Direct when the executive director may dismiss a complaint**—The Board's policies and procedures should establish when it is appropriate for the executive director to dismiss a complaint, such as when the executive director is not also the investigator and there is no evidence to support the complaint allegations;
- **Direct when the executive director should refer complaints to the Board for review and potential dismissal**—The Board's policies and procedures should establish when it is appropriate for the executive director to recommend that the Board dismiss a complaint, such as when the executive director is the investigator and there is no evidence to support the complaint allegations; and
- **Require the executive director to report all complaint dismissals to the Board**—The Board's policies and procedures should require that the executive director provide the Board with a summary of each complaint dismissal and the basis for the dismissal. This policy should pertain to both complaints the executive director dismisses and those referred for board dismissal.

Develop guidance for disciplinary decisions—To ensure consistent and adequate discipline, the Board should continue with its efforts to develop policies and procedures to help guide its disciplinary decisions. The Board does not have any policies and procedures to help guide its disciplinary decisions, such as guidance on how to ensure that complaints with similar violations receive similar levels of discipline or for when to escalate discipline, such as for licensees with multiple or prior complaints. For 1 of the 19 complaints auditors reviewed, the Board imposed a civil penalty through a consent agreement for a licensee who received four separate complaints from patients alleging that the physician had misdiagnosed them with a disease they did not have. However, for 5 additional complaints auditors reviewed, where the Board imposed a civil penalty through a consent agreement, the Board also included continuing medical education and imposed other disciplinary actions, such as probation, in addition to the civil penalty. As of July 2014, the Executive Director had begun developing policies and procedures to help guide the Board's complaint disciplinary decisions. The Board should continue to develop and implement complaint discipline policies and procedures that (1) ensure that complaints with similar statutory and/or rule violations receive consistent discipline and (2) escalate discipline when appropriate, such as for licensees with multiple or prior complaints.

Board should ensure timely complaint resolution

Failure to resolve complaints in a timely manner does not protect public health and safety because licensees alleged to have violated board statutes and rules can continue to practice while under investigation, even though they may be unfit to do so. In such instances, a lengthy complaint resolution process may delay board actions that protect the public, such as revoking a license or otherwise limiting a licensee’s practice. The Office of the Auditor General has found that Arizona regulatory boards should resolve complaints within 180 days of receiving them, which includes the time to both investigate and resolve complaints. Auditors’ review of the sample of 19 complaints found that the Board took more than 180 days to resolve 15 of these complaints, including 3 complaints that the Board took more than a year to resolve (see Figure 1).

**Figure 1: Days to resolve complaints
July 2011 through February 2014**



Source: Auditor General staff analysis of complaints the Board received from July 2011 through February 2014.

According to a board official, several factors impact the Board’s ability to resolve complaints in a timely manner, including the complexity of the case and the number of times the Board meets each year. Auditors identified some additional factors that affect the Board’s ability to resolve complaints in a timely manner, including inadequate policies and procedures to guide timely complaint processing and for investigating complaints from other states, and potentially insufficient staff resources to conduct complaint investigations. Specifically:

Board lacks sufficient policies and procedures—The Board’s policies and procedures do not provide adequate guidance in the following areas related to timeliness:

- **Initiating complaint investigations**—The Board’s policies and procedures do not specify time frames for completing various steps in an investigation, including how long it should take to open complaints after receiving them. Specifically, according to a board official, because of limited resources, the Board cannot open all complaints when they are first received, but they are usually opened within 30 days of receipt. However, auditors found that for some complaints, it took more than 30 days from receipt to open the complaint. For example, for 5 of the 15 complaints reviewed that took longer than 180 days to resolve, board staff took between 52 and 224 days to open the complaints after receiving them.¹ Opening complaints within a reasonable time frame is important for ensuring facts about the complaint are still available and that the Board investigates complaints alleging conduct that may pose a substantial danger to the public health, safety, and welfare as quickly as possible.
- **Prioritizing complaints**—The Board does not have policies and procedures for prioritizing its complaint investigations based on the nature of the complaint allegations—for example, assigning a higher investigation priority to complaints with allegations that pose a potential danger to public health and safety. Some other Arizona health regulatory boards require that complaints be opened within a certain number of days after they are received and assigned a priority level based on the potential danger to the public. For example, the Arizona State Board of Nursing has established guidelines that complaints be opened within 10 calendar days of receipt and assigned a priority level based on the potential danger to the public. In addition, the Arizona Board of Behavioral Health Examiners requires that all complaints within its jurisdiction be reviewed and prioritized upon receipt. Determining complaint priority based on the potential violations’ seriousness can help the Board focus its limited investigative resources on high-priority complaints first. In response to the audit, as of July 2014, the Executive Director had started to develop a policy for prioritizing complaints.
- **Extending the time for a licensee’s response**—According to the Board’s policies and procedures, when the Board receives information that a licensee may have violated statute, it should give the licensee 15 days to respond to the notice of the alleged violation(s). Although board policies and procedures also allow a licensee’s counsel to request more time to provide a response, the policies and procedures do not specify the additional time the Board can or will grant. According to a board official, the Board usually grants time extensions for an additional 30 days. Additionally, according to a board official, most investigation work does not start until after the licensee’s response is received. However, for 1 of the 15 complaints that took longer than 180 days to resolve, auditors found that the Board allowed the licensee about 100 days to respond to the notice of alleged violation. Although a board official reported that there were some unique circumstances associated with this case that resulted in the lengthy response time, the Board should develop and implement policies and procedures to guide board staff on how long the Board can or will grant an extension.

¹ According to a board official, for two of these five cases the Board was waiting for ongoing criminal or federal investigations to be completed prior to the Board starting its investigation. However, the Board does not have any policies or procedures to direct the investigator to wait for third-party investigations to be completed prior to starting a board investigation.

- **Tracking or monitoring complaint investigations**—The Board has not developed policies and procedures for tracking complaints through the complaint resolution process to ensure that it processes complaints in a timely manner and continues to move them through the process. Specifically, although board staff use a basic spreadsheet to log complaints as they assign a complaint number, they do not use it to monitor the complaint investigations' progress. A board official reported not having enough time to consistently update the spreadsheet, and auditors found that it lacked key dates, such as when the complaint was received or opened, when key correspondence or documents were sent or received, or when the Board made decisions regarding the complaint. In addition, the spreadsheet is not designed in a way that would allow the Board to easily track how long it is taking to investigate and resolve a complaint. As a result, according to a board official, when timeliness is tracked, the Board tracks it by hand at the end of the process using the hard copy complaint file.

Additionally, although board staff informs the Board of the number of open and pending complaints, the Board is not informed of the status of these open complaints or how long it is taking to process these complaints. As a result, the Board cannot identify and address factors in the process that may impact complaint investigations' timeliness.

To help ensure it investigates and resolves complaints in a timely manner, the Board should strengthen its policies and procedures for processing complaints. Specifically, the Board should:

- Specify time frames for completing key steps in an investigation, including how long it should take to open complaints after receipt and the additional time the Board may grant licensees to respond to complaint allegations;
- Include criteria for prioritizing complaints based on the nature of the alleged violations and the extent to which these alleged violations endanger the public's health and safety;
- Establish requirements for tracking and monitoring complaint processing, including establishing a mechanism to track key steps' completion in the complaint-handling process, ensuring that board staff record key information on complaint investigations in a timely manner, and identifying responsibilities for board staff and the Board to actively monitor the progress of complaint investigations and address reasons for delay; and
- Require staff to submit reports to the Board at defined intervals regarding the status of open complaints and the timeliness of closed complaints to help the Board identify and address factors in the complaint-handling process that may impact timeliness.

Board should develop and implement policies and procedures for investigating complaints from other states—In some cases, the Board has investigated complaints against Arizona licensed naturopathic physicians with allegations that occurred in another state. For example, the Board investigated a complaint alleging that a licensee, who was a licensed naturopathic physician in Arizona and in another state, had failed to keep adequate medical records, perform a physical exam, and follow experimental protocol and procedures when treating a patient in the other state. In addition, the Board has received complaints about Arizona licensees who treat patients in states that do not have a regulatory authority that regulates the practice of naturopathic medicine. Although the Board has the authority to investigate complaints from other

states, it is not required to do so. As a result, given its limited investigative resources, it should develop and implement policies and procedures that indicate under what circumstances it will investigate complaints that originate in another state. For example, its policies and procedures could specify that if the Board receives a complaint about a licensee who holds a license in both Arizona and in another state, and the allegation concerns activities that occurred in the other state, it will refer the complaint to that state for investigation. Its policies and procedures could also specify that once the other state has resolved the complaint that the Board will review and as necessary, act on the results of the other state's findings and conclusions.

Board may need additional investigative resources—The Board should determine whether it needs additional investigative resources to help ensure it processes complaints in a timely manner. Specifically, the Board should:

- Assess the efficiency of its complaint investigation process, and other processes, tasks, and responsibilities that its executive director performs. This would help determine if these processes are as efficient as possible and whether the complaint investigation process can be streamlined, or other processes and tasks can be streamlined and/or eliminated. As part of this assessment, the Board should also determine whether its executive director has sufficient time to investigate complaints and perform the other required executive director tasks and responsibilities. The Board should document the results of these assessments, including how much time the executive director must spend to perform the various processes, tasks, and responsibilities assigned to her, including complaint investigations.
- Determine its complaint investigative workload, including an estimate of its future investigative workload and document the results. Doing so will help give the Board the information it needs to then determine its investigative staffing needs.
- Determine investigative staffing needs and document the results. If after completing these assessments the Board determines that it needs additional investigative resources, it should consider hiring an investigator on an as-needed basis. As shown in Table 2 (see page 3), the Board's approximately \$364,000 fiscal year 2014 ending fund balance suggests it may be able to request additional appropriations to use some of its end-of-year fund balance to contract for investigative assistance on an as-needed basis.

Recommendations:

1. The Board should develop and implement policies and procedures that:
 - a. Establish when it is appropriate for the executive director to dismiss a complaint, such as when the executive director is not also the investigator and there is no evidence to support the complaint allegations;
 - b. Establish when it is appropriate for the executive director to recommend that the Board dismiss a complaint, such as when the executive director is the investigator and there is no evidence to support the complaint allegation; and

- c. Require that the executive director provide the Board with a summary of each complaint dismissal and the basis for the dismissal. This policy should pertain to both complaints the executive director dismisses and those referred for board dismissal.
2. The Board should continue to develop and implement complaint discipline policies and procedures that:
 - a. Ensure that complaints with similar statutory and/or rule violations receive consistent discipline; and
 - b. Escalate discipline when appropriate, such as for licensees with multiple or prior complaints.
3. The Board should develop and implement policies and procedures that:
 - a. Specify time frames for completing an investigation's key steps, including how long it should take to open complaints after receipt and the additional time the Board may grant licensees to respond to complaint allegations;
 - b. Include criteria for prioritizing complaints based on the nature of the alleged violations and the extent to which these alleged violations endanger the public's health and safety;
 - c. Establish requirements for tracking and monitoring complaint processing, including establishing a mechanism to track key steps' completion in the complaint-handling process, ensuring that board staff record key information on complaint investigations in a timely manner, and identifying responsibilities for board staff and the Board to actively monitor the progress of complaint investigations and address reasons for delay; and
 - d. Require staff to submit reports to the Board at defined intervals regarding the status of open complaints and the timeliness of closed complaints to help the Board identify and address factors in the complaint-handling process that may impact timeliness.
4. The Board should develop and implement policies and procedures that indicate under what circumstances it will investigate complaints that originate in another state.
5. The Board should determine whether it needs additional investigative resources to help ensure it processes complaints in a timely manner. Specifically, the Board should:
 - a. Assess the efficiency of its complaint investigation process, and other processes, tasks, and responsibilities that its executive director performs. This would help determine if these processes are as efficient as possible and whether the complaint investigation process can be streamlined, or other processes and tasks can be streamlined and/or eliminated. As part of this assessment, the Board should also determine whether its executive director has sufficient time to investigate complaints and perform the other required executive director tasks and responsibilities. The Board should document the results of these assessments, including how much time the executive director must spend to perform the various processes, tasks, and responsibilities assigned to her, including complaint investigations;

- b. Determine its complaint investigative workload, including an estimate of its future investigative workload and document the results;
- c. Determine investigative staffing needs and document the results; and
- d. If after completing these assessments the Board determines that it needs additional investigative resources, it may be able to request additional appropriations to use some of its end-of-year fund balance to contract for investigative assistance on an as-needed basis.

Public information

Although the Board provides appropriate information about licensees on its Web site, it should develop and implement policies and procedures to guide staff on (1) ensuring that certificates' statuses are accurate on its Web site, and (2) what information to provide about licensees and certificate holders over the phone and how quickly to return phone calls.

Board should improve its provision of public information

Although the State of Arizona Naturopathic Physicians Medical Board (Board) provides appropriate public information on its Web site, it should take steps to (1) ensure that certificates' statuses are accurately reflected on its Web site, and (2) be more consistent and timely in providing information over the telephone. Auditors reviewed the Board's Web site and found that, as Arizona Revised Statutes (A.R.S.) §32-3214 requires, the Web site does not contain information about complaints that were dismissed or that resulted in nondisciplinary action, and it includes a statement about how the public can obtain information about these complaints. In addition, auditors reviewed the Web site information for a sample of 26 licenses that the Board approved between September 2011 and May 2013 and found that the Board's Web site included accurate information about these licensees. Further, auditors reviewed a sample of 19 complaints the Board resolved between July 2011 and February 2014, and found that the Board's Web site included appropriate and accurate disciplinary information that resulted from these complaints.

However, one area in which procedures need improvement involves updating certificates' statuses on the Web site. Auditors found that 75 certificates' statuses that the Board issued during fiscal years 2012 and 2013 still appeared on the Web site as issued when these certificates were actually expired. According to a board official, the Web site did not accurately reflect these statuses because board staff had not updated the database to reflect the certificates' correct statuses. To ensure that it provides accurate information on its Web site about certificate holders, the Board should develop policies and procedures for ensuring that board staff update the database with the correct certificate statuses in a timely manner.

Another area needing improvement involves providing consistent and timely information over the phone. Specifically:

- **Some inaccurate complaint information provided over the phone**—Auditors placed five phone calls to board staff in May and June 2014 to obtain information about licensees, including information on whether the physician had any complaints and had ever been disciplined.¹ Board staff provided accurate complaint information regarding licensees during three phone calls. However, for one call, a staff member incorrectly reported that a licensee had a letter of concern

¹ Auditors actually made six phone calls between May and June 2014 to obtain information about licensees. However, auditors obtained information about the licensees in only five of the phone calls. For the sixth call, because it took the board 7 business days to return the call and auditors had largely completed their work, auditors did not seek to obtain additional information about the licensee and documented only how long it took the Board to respond.

when in fact the licensee had a complaint the Executive Director dismissed. In another call, a staff member did not disclose a complaint the Board dismissed.

- **Inconsistent types of licensing information provided over the phone**—As part of the phone calls, auditors also asked whether physicians were licensed, and staff provided inconsistent licensing information in response to these questions. For example, board staff provided the physician's license number for three of the five phone calls. Board staff also provided other license information such as issuance and expiration dates for three of the five phone calls. However, board staff provided both license number and issuance and expiration date information in response to only one phone call. Additionally, board staff provided the location where the physician practiced in only one of the five phone calls.
- **Response not always timely**—In one of two phone calls where auditors left a message on the Board's voicemail system, board staff did not return the phone call in a timely manner. Specifically, it took board staff 7 business days to return the message the auditor left, while it took only 1 day to return the other message.

A lack of policies and procedures may have contributed to the inaccurate, incomplete, and untimely information the auditors received. However, the public should have access to accurate, complete, and timely information about licensed and certified individuals to help make informed decisions about their healthcare. To help ensure that board staff provide appropriate and timely information to the public, the Board should develop and implement policies and procedures to guide staff on what information to provide about licensees and certificate holders over the phone and how quickly to return phone calls, and train its staff accordingly.

Recommendations:

1. The Board should develop policies and procedures for ensuring that board staff update the database with the correct certificate statuses in a timely manner.
2. The Board should develop and implement public information policies and procedures to guide staff on what information to provide about licensees and certificate holders over the phone and how quickly to return phone calls, and train its staff accordingly.

Sunset factor analysis

The analysis of the Sunset Factors includes four recommendations not discussed earlier in this report. Three involve developing and implementing procedures for (1) conducting all statutorily required inspections, (2) approving naturopathic schools, and (3) reinstating licensees (see sunset factor 2, pages 23 through 24, for discussion). The remaining recommendation involves seeking statutory changes to strengthen requirements for licensure by endorsement (see sunset factor 9, page 27, for discussion).

In accordance with Arizona Revised Statutes (A.R.S.) §41-2954, the Legislature should consider the factors included in this report in determining whether to continue or terminate the State of Arizona Naturopathic Physicians Medical Board (Board).

1. The objective and purpose in establishing the Board and the extent to which the objective and purpose are met by private enterprises in other states.

Established in 1935, the Board's mission is to protect the public through regulating the practice of naturopathic medicine. It accomplishes this mission by issuing licenses and certificates to qualified individuals, investigating and adjudicating complaints against licensees and certificate holders, and providing information to the public (see pages 5 through 22 for more information).

Auditors did not identify any states that met the Board's objective and purpose through private enterprises.

2. The extent to which the Board has met its statutory objective and purpose and the efficiency with which it has operated.

The Board has, in part, met its statutory objective and purpose by issuing licenses and certificates in a timely manner and collecting appropriate information when investigating complaints. However, as discussed earlier in this report, the Board should strengthen its policies and procedures to better ensure that applicants meet all licensing or certification requirements, and continue to conduct continuing medical education audits on 10 percent of licensees who renew on paper applications annually as statute requires (see Licensing, pages 5 through 12); strengthen its processes for dismissing complaints, imposing disciplinary action, and resolving complaints in a timely manner (see Complaint resolution, pages 13 through 20); and improve the information on its Web site and develop and implement policies and procedures to guide staff on the timely provision of public information about licensees and certificate holders over the phone (see Public information, pages 21 through 22).

In addition, the Board should take the following steps to better meet its statutory objective and purpose. Specifically:

- **Board should conduct statutorily required inspections**—The Board does not perform certain inspections statute requires. Specifically, A.R.S. §32-1504(A)(6) requires the Board to periodically inspect and evaluate clinical, internship, preceptorship, and postdoctoral training programs and naturopathic medical education programs and randomly evaluate

naturopathic continuing medical education programs. In addition, A.R.S. §32-1509(C)(20) requires the executive director or a designee to conduct periodic inspections of the dispensing and prescribing practices of physicians of naturopathic medicine. However, the Board does not perform any inspections, nor does it have any policies, procedures, or practices to do so.

Performing these inspections is important to ensure that training programs are effectively preparing individuals to practice naturopathic medicine and that physicians' dispensing and prescribing practices are appropriate. Therefore, the Board should develop and implement an inspection process including policies and procedures, training, and oversight, to ensure it conducts all required inspections and conducts them in a timely manner. In developing and implementing this recommendation, the Board will also need to assess its staff workload and determine whether it needs additional staff, whether it could contract for this function, and if it will need to seek an increase in appropriations to cover these inspections' cost.

- **Board should approve schools of naturopathic medicine and renew approved schools annually**—Statute requires applicants for licensure to graduate from an approved school of naturopathic medicine. However, according to a board official, the Board does not approve schools of naturopathic medicine or annually renew the approval as Arizona Administrative Code (AAC) R4-18-401 and 402 requires. Rather, board staff use a list of schools the Council on Naturopathic Medical Education has accredited to determine whether applicants meet the requirement of graduating from an approved school. However, A.R.S. §32-1501(8) and AAC R4-18-401 and 402 establish criteria, in addition to the Council of Naturopathic Medical Education's accreditation, that the Board should use to approve schools and annually renew their approvals. Therefore, in order to comply with its statutes and rules, the Board should develop and implement policies and procedures for approving schools of naturopathic medicine and renewing approved schools annually.
- **Board should develop and implement policies and procedures for license reinstatement**—Auditors observed that the Board inappropriately denied reinstating one applicant's license based on a misinterpretation of the statutory requirements for reinstatement. Specifically, the Board denied the applicant's reinstatement application because the applicant did not meet the requirements for initial licensure. However, A.R.S. §32-1552 does not require reinstatement applicants to meet initial licensure requirements. Rather, it requires the applicant to show that the basis for revoking his/her license has been removed and that reissuing the revoked license will not constitute a threat to public health or safety. Because board staff thought that applicants for reinstatement needed to comply with the initial licensure requirements, the Board had not established policies and procedures for processing these reinstatement requests. Therefore, the Board should develop and implement policies, procedures, and an application form for processing license reinstatement requests. The procedures and form should outline the type of information applicants with a suspended or revoked license must submit in order for the Board to determine whether to reinstate their licenses. The Board should also work with its Assistant Attorney General to determine whether it should specify the requirements for reinstatement in administrative rules.

3. The extent to which the Board serves the entire State rather than specific interests.

The Board serves licensees and certificate holders providing naturopathic medical services throughout the State. In addition, it investigates complaints the public files against licensed and certified individuals and disciplines those who violate board laws and rules. Finally, through its Web site, the Board provides the public with information regarding individuals' licensing and certification status and disciplinary history. However, auditors found that the Board can do more to provide complete, accurate, and timely information to the public by phone (for more information, see Public information, pages 21 through 22).

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

The General Counsel for the Auditor General has analyzed the Board's rule-making statutes and believes that the Board has established rules required by and consistent with statute.

5. The extent to which the Board has encouraged input from the public before adopting its rules and the extent to which it has informed the public as to its actions and their expected impact on the public.

Auditors found that the Board has provided opportunities for input from the public before adopting its rules by publishing notices of proposed rule-making in the Arizona Administrative Register. Specifically, the Board submitted proposed rules in the Arizona Administrative Register when it created or revised rules in calendar years 2002, 2005, and 2013. For the 2002 revisions, the Board received comments regarding two articles in the proposed rules and, as a result, it decided to revise these two articles and re-submit them at a later time. For the 2005 and 2013 revisions, the Board reported receiving no public input on its proposed rules.

Auditors also assessed the Board's compliance with various provisions of the State's open meeting law for its March and May 2014 board meetings and found the Board to be in compliance. For example, as open meeting law requires, the Board posted meeting notices and agendas on its Web site at least 24 hours in advance and posted the notices and agendas at the physical location indicated on its Web site. In addition, in compliance with statute, board staff made meeting minutes available within 3 days after the meeting dates.

6. The extent to which the Board has been able to investigate and resolve complaints that are within its jurisdiction.

The Board has statutory authority to investigate and resolve complaints within its jurisdiction and has various nondisciplinary and disciplinary options available to use to address statute and/or rule violations, such as issuing a letter of concern, ordering continuing medical education, imposing probation, and suspending or revoking a license. However, as discussed previously in this report, auditors found that the Board should strengthen its procedures for dismissing complaints, imposing disciplinary action, and ensuring that it processes complaints in a timely manner (see Complaint resolution, pages 13 through 20, for additional information).

7. The extent to which the Attorney General or any other applicable agency of state government has the authority to prosecute actions under the enabling legislation.

The Attorney General serves as the Board's legal advisor and provides legal services as the Board requires, according to A.R.S. §41-192(A)(1). In addition, the Attorney General can file a petition to enjoin the unauthorized practice of naturopathic medicine according to A.R.S. §32-1558(C). However, each county's county attorney must prosecute all persons charged with the unauthorized practice of naturopathic medicine, according to A.R.S. §32-1556.

8. The extent to which the Board has addressed deficiencies in its enabling statutes that prevent it from fulfilling its statutory mandate.

The Board reported that it has not sought statutory changes to address deficiencies in its statutes. However, the Legislature passed laws in 2013 and 2014 that affect the Board in several ways:

- Laws 2013, Ch. 108, amended A.R.S. §32-1505 and other statutes to separate the administration of the State of Arizona Naturopathic Physicians Medical Board and the Arizona State Board of Massage Therapy after these two boards had been jointly administered since 2003. These statutory revisions repealed the requirement for the two boards to share an executive director and authorized the Arizona State Board of Massage Therapy to hire its own executive director.
- Laws 2014, Ch. 122, amended A.R.S. §32-1501 to authorize naturopathic physicians to prescribe, dispense, or furnish a prescription-only device to patients after conducting a physician examination through telemedicine.¹ This authorization does not include telemedicine examinations for the purposes of obtaining a written certification for medical marijuana.
- Law 2014, Ch. 67, amended A.R.S. §36-3601 to designate the Board's licensees as healthcare providers that must follow requirements regarding telemedicine. For example, if licensees practice telemedicine, they will need to obtain informed consent from the patient and include any medical reports resulting from consultation as part of the patient's medical record.
- Laws 2014, Ch. 102, amended A.R.S. §32-1501 to allow licensed naturopathic physicians to continue dispensing drugs they have always been allowed to dispense, despite statutory changes. For example, they can continue prescribing hydrocodone although it was reclassified by the Drug Enforcement Administration from a Schedule III to Schedule II drug. Statute permits licensed naturopathic physicians to dispense Schedule III drugs, but not Schedule II drugs. This statutory change applies to any future drug change from Schedule III to Schedule II after January 1, 2014.

¹ Telemedicine means the practice of healthcare delivery, diagnosis, consultation, and treatment and the transfer of medical data through interactive audio, video, or data communications that occur in the patient's physical presence, including audio or video communications sent to a healthcare provider for diagnostic or treatment consultation.

- Laws 2014, Ch. 204, §2, amended A.R.S. §41-1001.01 to require each state agency that conducts inspections or takes other regulatory enforcement actions to create and clearly post on the agency's Web site a small business bill of rights, any other agency-specific statutes and rules, and the process by which a small business may file a complaint with the agency. This amendment also requires that the Web site notice state that if the regulated person has already made a reasonable effort with the agency to resolve the problem and still has not been successful, the regulated person may contact the Arizona Ombudsman-Citizens' Aide.

9. The extent to which changes are necessary in the laws of the Board to adequately comply with the factors listed in the sunset law.

Auditors identified an additional area where the Board should seek statutory revisions. Specifically:

- **Licensure-by-endorsement applicants should demonstrate competence to practice acupuncture and minor surgery**—The Board should propose statutory changes to ensure that, when naturopathic physicians licensed in other states apply for licensure by endorsement in Arizona, they are professionally competent to practice in Arizona. Specifically, in Arizona, when applicants apply for licensure by examination, they are required to pass the Naturopathic Physicians Licensing Examination (NPLEX) elective exams for acupuncture and minor surgery. Passing these exams provides evidence of their competence to practice in these areas. Not all states require their applicants to take these exams. Additionally, when applicants who hold a license in another state apply for licensure by endorsement in Arizona, statute does not require them to take these elective exams. However, once the Board grants the license, these individuals can practice in these areas under Arizona's scope of practice. As a result, the Board should seek an amendment to A.R.S. §32-1523 to require applicants for licensure by endorsement to take and pass the elective exams for acupuncture and minor surgery or restrict them from practicing in these areas if they have not passed these elective exams.

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

Terminating the Board would affect the public's health, safety, and welfare if its regulatory responsibilities were not transferred to another entity. The Board's role is to protect the public through regulating the practice of naturopathic medicine. It accomplishes this mission by licensing and certifying individuals who meet statutory requirements; receiving and investigating complaints against licensees and certificate holders alleging statute and/or rule violations, including unprofessional conduct; and taking action against licensees and certificate holders when necessary. The Board also provides information to the public about licensees and certificate holders, including disciplinary history. These functions help protect the public from harm. For example, auditors reviewed complaints the Board investigated alleging actions by naturopathic physicians who posed a threat to the public, including treatment that was inconsistent with the standards of practice for naturopathic physicians.

11. The extent to which the level of regulation exercised by the Board compares to other states and is appropriate and whether less or more stringent levels of regulation would be appropriate.

Including Arizona, 16 states regulate the practice of naturopathic medicine. The audit found that the level of regulation the Board exercises is similar in some ways and different in other ways as compared to other western states that regulate the practice of naturopathic medicine. Auditors obtained information from seven western states regarding the regulation of naturopathic medicine in those states. Auditors determined that five of these states—California, Colorado, Oregon, Utah, and Washington—have a regulatory board or a committee that specifically regulates naturopathic medicine. The remaining two western states, Nevada and New Mexico, do not have a board or other agency that specifically regulates naturopathic medicine. However, medical doctors or doctors of osteopathy may practice natural medicine in these states.

Auditors' review of the five western states that regulate the practice of naturopathic medicine found the following:

- **National examination**—Arizona and all five of the western states auditors reviewed require that applicants pass required NPLEX exams prior to issuing a license or registration. This requirement helps to ensure that the license or registration holder is competent to practice naturopathic medicine.
- **Background check**—Arizona and three of the five western states auditors' reviewed require either fingerprints and/or a background check of the license applicant prior to issuing a license or certificate.
- **Continuing education**—Arizona and four of the five states reviewed require continuing education in order to renew a license.
- **Drug formularies**—Two of the five western states have formularies outlined in rules, which are listings of the drugs that naturopathic physicians may dispense. The Board does not have its own formulary. A.R.S. §32-1581 requires naturopathic physicians to obtain a certificate to dispense natural substances, drugs, and devices. In addition, A.R.S. §32-1501 prohibits naturopathic physicians from dispensing certain drugs, including controlled substances that are listed on the federal controlled substances schedule I or II, except morphine. Further, the Board adopted rules that were effective July 5, 2013, that prohibit licensees from intravenously administering four nutrients, including silver.

12. The extent to which the Board has used private contractors in the performance of its duties as compared to other states and how more effective use of private contractors could be accomplished.

The Board has used private contractors for transcribing board meetings and for psychologically evaluating a licensed physician under investigation. Auditors contacted five western states' naturopathic physicians boards—California, Colorado, Oregon, Utah, and

Washington—and found that three of the five states contract for services. For example, Oregon’s board reported using contractors for information technology services and for an expert witness, and California’s and Washington’s boards reported using contractors for court recording services.¹

This audit identified two potential areas where the Board could consider using private contractors. First, if the Board determines additional investigative resources are needed, it may be able to request additional appropriations to use some of its end-of-year fund balance to contract for investigative assistance on an as-needed basis (see Complaint resolution, pages 13 through 20). Similarly, if the Board determines it needs additional resources to comply with its statutory responsibility to conduct inspections, it should consider hiring a private contractor to conduct these inspections (see Sunset Factor 2, pages 23 through 24).

¹ Washington’s Board reported using contracted court recording services only when holding hearings in rooms that did not contain a digital recording system.

Appendix A

Methodology

This appendix provides information on the methods auditors used to meet the audit objectives. The Auditor General and staff express appreciation to the State of Arizona Naturopathic Physicians Medical Board, its Executive Director, and its staff for their cooperation and assistance throughout the audit.

Auditors conducted this performance audit of the State of Arizona Naturopathic Physicians Medical Board (Board) in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Auditors used various methods to study the issues in the performance audit and sunset review. These methods included reviewing board statutes, rules, and policies and procedures; interviewing board members, staff, and stakeholders; and reviewing information from the Board's Web site. In addition, auditors reviewed minutes from and attended two board meetings held in March and May 2014.

In addition, auditors used the following specific methods to meet audit objectives:

- To determine whether the Board's processes and practices helped ensure that it issued licenses and certificates to qualified applicants in a timely manner, auditors reviewed 35 files for a total of 60 separate applications for either a license or a certificate. Specifically, auditors reviewed a randomly selected sample of 26 initial license applications (20 of these were licensure-by-examination applications and 6 were licensure-by-endorsement applications) and 9 certificate applications (2 applicants for medical assistant certificates, 4 applicants for preceptorship engage certificates, and 3 applicants for certificates to conduct preceptorship training programs) that the Board approved between September 2011 to May 2013. In addition, from the 26 initial licensees, auditors reviewed a subsample of 14 randomly selected initial applications for "certificates for clinical training" received prior to licensure, and a separate subsample of 11 randomly selected initial applications for "certificates to dispense" received after licensure. Further, in order to determine whether the Board issued these licenses and certificates in a timely manner, auditors calculated these applications' processing times, using items such as application dates and board meeting minutes. Finally, auditors reviewed the Board's application forms for initial licensure and certification, as well as renewal application forms for licenses and certificates, and compared them to statutes and rules.
- To assess whether the Board appropriately handled complaints and resolved them in a timely manner, auditors reviewed complaints the Board resolved between July 2011 and February 2014 and determined how the Board resolved each of these cases. Auditors then reviewed a sample of 19 complaints randomly selected from each type of complaint resolution the Board imposed during this time frame and calculated the amount of time the Board took to open and resolve complaints. In addition, auditors reviewed the 19 complaints to determine if board staff followed its policies and procedures for investigating complaints. Further, auditors also reviewed the process that board staff use to monitor and track complaints.

- To assess whether the Board shared appropriate information with the public, auditors placed six anonymous phone calls to board staff in May and June 2014 requesting information about five licensees and compared the information provided to board records.¹ Auditors also reviewed licensing and disciplinary information about specific licenses on the Board's Web site and assessed whether the information provided matched the Board's files.
- To obtain information for the Introduction, auditors reviewed the Board's strategic plan for fiscal years 2014 to 2019, analyzed board licensing and certification records from March 17, 2014, and reviewed the Board's complaint log for July 2011 through February 2014. In addition, auditors compiled and analyzed unaudited information from the Arizona Financial Information System (AFIS) *Accounting Event Transaction File* for fiscal years 2012 and 2013, the AFIS Management Information System *Status of General Ledger-Trial Balance* screen for fiscal years 2012 through 2014, and *Status of Revenue by Fund* and *Status of Budget* screens for fiscal year 2014.
- To obtain information used in the Sunset Factors, auditors reviewed information in the Arizona Administrative Register regarding the Board's proposed rules during calendar years 2002, 2005, and 2013, and assessed whether board staff posted public notices and agendas for board meetings held in March and May 2014 in compliance with the State's open meeting law. In addition, auditors reviewed statutory and rule requirements in seven other western states regarding the regulation of naturopathic physicians.² Auditors also contacted staff from naturopathic boards or agencies in five of these states to obtain information about their use of private contractors.³
- Auditors' work on internal controls included reviewing the Board's policies and procedures for ensuring compliance with board statutes and rules, and where applicable, testing its compliance with these policies and procedures. Auditors report their conclusions on these internal controls and board efforts to improve their controls in response to audit findings during the audit in the report chapters and sunset factor 2.

¹ Auditors made six phone calls between May and June 2014 to obtain information about licensees. However, auditors obtained information about the licensees in only five of the phone calls. For the sixth call, because it took the Board 7 business days to return the call and auditors had largely completed their work, auditors did not seek to obtain additional information about the licensee and documented only how long it took the Board to respond.

² Auditors reviewed statutes and rules in five other western states that have a board or committee that regulates naturopathic physicians (California, Colorado, Oregon, Utah, and Washington) and in two other western states that do not have a board that regulates naturopathic physicians (Nevada and New Mexico).

³ Auditors contacted staff from the naturopathic boards in California, Colorado, Oregon, Utah, and Washington.

AGENCY RESPONSE



State Of Arizona
Naturopathic Physicians Medical Board
"Protecting the Public's Health"

1400 West Washington • Suite 230 • Phoenix, AZ 85007 Phone, 602-542-8242, FAX 602-542-3093, Email Gail.anthony@aznd.gov
www.aznd.gov

Janice K. Brewer - Governor

September 17, 2014

Debra K. Davenport, CPA
Auditor General
Office of the Auditor General
State of Arizona
2910 N. 44th Street, Ste. 410
Phoenix, AZ 85018

Dear Ms. Davenport:

On behalf of the State of Arizona Naturopathic Physicians Medical Board, I have attached the agency's response to the Audit Report conducted by your office.

The Board is thankful for the time and effort you and your staff have taken to conduct this audit. We view this audit not only as a requirement of statute, but as a valuable tool which will be used to help the Board become more effective and efficient in its mission to protect the public through regulating the practice of naturopathic medicine.

The field of naturopathic medicine in the State of Arizona has made great strides over the previous 10 years. In order to keep up with these advances in naturopathic medicine, the Board must make changes to outdated statute, rule, and update its policies and procedures. The recommendations identified in the report, either have been implemented or are in the process of being implemented.

Thank you for consideration of the following response.

Sincerely,

Gail Anthony
Executive Director

Attachment
Cc: State of Arizona Naturopathic Physicians Medical Board Members

AUDIT RESPONSE
State of Arizona Naturopathic Physicians Medical Board

Licensing

1. The Board should develop and implement policies and procedures:

1a. To ensure that board staff place all completed license applications on its agenda for approval.

The finding of the Auditor General is agreed to and will be implemented.

The Board will implement policies and procedures to include a reconciliation process to ensure a complete application is not inadvertently left off the agenda.

1b. To ensure that board staff place all applicants with criminal history information, whether self-reported or resulting from the background check, on a board agenda for special consideration and approval or disapproval.

The finding of the Auditor General is agreed to and will be implemented.

Policy and procedure has been implemented to ensure that all criminal histories, no matter how reported, what degree of seriousness of the offense, or the age of the offense, will be placed on the board agenda, separate from the consent agenda, for individual board consideration.

2. The Board should strengthen its policies and procedures, including its application and checklist, to help ensure that applicants applying for licensure by endorsement meet all statutory and rule requirements. These policies and procedures, including the application and checklist, should specify the documentation applicants must submit to demonstrate meeting all licensure requirements, including requirements for actively practicing naturopathic medicine for 3 years immediately preceding the application and graduating from an approved school.

The finding of the Auditor General is agreed to and will be implemented.

The application and checklist for applying for licensure by endorsement will indicate the specific documentation required in order to meet the requirements as outlined in A.R.S. §32-1523 (3)(a)(b)(c)(d). As part of the requirement for gaining licensure in another state, an applicant would have demonstrated proof of graduation from an approved college of naturopathic medicine, by causing a transcript to be supplied to that states' board. Based on this audit, the Board will now require an applicant to provide the same evidence to this Board when applying for licensure by endorsement.

3. The Board should develop and implement policies and procedures, including a checklist, to guide board staff in obtaining and documenting the information necessary for the Board to determine whether applicants for certificates to conduct preceptorship training programs meet the certificate requirements.

The finding of the Auditor General is agreed to and will be implemented.

4. The Board should develop and implement policies and procedures to ensure it audits 10 percent of all license renewal applications.

The finding of the Auditor General is agreed to and will be implemented.

The Board will strengthen its policy and procedures outlining specific steps staff should take when auditing applications for renewal of licensure processed online and when auditing renewal applications processed by paper form.

5. The Board should develop and implement policies and procedures setting forth how to perform continuing medical education audits. These policies and procedures should specify what documentation is acceptable for proving licensees have completed continuing medical education and how board staff should document and report these audits' results to the Board.

The finding of the Auditor General is agreed to and will be implemented.

The Board will develop policy and procedures regarding what evidence is appropriate to support the CME requirements as outline in R4-18-205.

6. The Board should develop and implement policies and procedures to track compliance with all licensing and certification time frames and train board staff on them. These policies and procedures should also specify the documentation that the Board should retain to allow it to track compliance with its time frames and what information board staff should periodically report to the Board.

The finding of the Auditor General is agreed to and will be implemented.

Policies and procedures will be based on the updated database electronic tracking.

7. To effectively track and report licensing timeframe information, board staff should develop and implement a centralized electronic mechanism for doing so.

The finding of the Auditor General is agreed to and will be implemented.

The Board is in the process of updating its database to give staff the ability to track licensing and certification time frames electronically.

Complaint Resolution

1. The Board should develop and implement policies and procedures that:
 - 1a. Establish when it is appropriate for the executive director to recommend that the Board dismiss a complaint, such as when the executive director is not also the investigator and there is no evidence to support the complaint allegations.

The finding of the Auditor General is agreed to and will be implemented.

- 1b. Establish when it is appropriate for the executive director to recommend that the Board dismiss a complaint, such as when the executive director is the investigator and there is no evidence to support the complaint allegation.

The finding of the Auditor General is agreed to and will be implemented.

- 1c. Require that the executive director provide the Board with a summary of each complaint dismissed and the basis for the dismissal. This policy should pertain to both complaints the executive director dismissed and those referred for board dismissal.

The finding of the Auditor General is agreed to and will be implemented.

2. The Board should continue to develop and implement complaint discipline policies and procedures that;
 - 2a. Ensure that complaints with similar statutory and/or rule violations receive consistent discipline.

The finding of the Auditor General is agreed to and will be implemented.

- 2b. Escalate discipline when appropriate, such as for licensees with multiple or prior complaints.

The finding of the Auditor General is agreed to and will be implemented.

3. The Board should develop and implement policies and procedures that:
 - 3a. Specify time frames for completing an investigator's key steps, including how long it should take to open a complaints after receipt and the additional time the Board may grant licensees to respond to complaint allegations.

The finding of the Auditor General is agreed to and will be implemented.

- 3b. Include criteria for prioritizing complaints based on the nature of the alleged violations and the extent to which these alleged violations endanger the public's health and safety.

The finding of the Auditor General is agreed to and will be implemented.

- 3c. Establish requirements for tracking and monitoring complaint processing, including establishing a mechanism to track key steps' completion in the complaint-handling process, ensuring that board staff record key information on complaint investigations in a timely manner, and identify responsibilities for board staff and the Board to actively monitor the progress of complaint investigations and address reasons for delay.

The finding of the Auditor General is agreed to and will be implemented.

- 3d. Require staff to submit report to the Board at defined intervals regarding the status of open complaints and the timeliness of closed complaints to help the Board identify and address factors in the complaint-handling process that may impact timeliness.

The finding of the Auditor General is agreed to and will be implemented.

4. The Board should develop and implement policies and procedures that indicate under what circumstances it will investigate complaints that originate in another state.

The finding of the Auditor General is agreed to and will be implemented.

Statute makes clear the Board should investigate complaints originating elsewhere. Pursuant to A.R.S. § 32-1501 31 "Unprofessional conduct" includes the following, whether occurring in this state or elsewhere. And, A.R.S. § 32-1501(II) Action taken against a doctor of naturopathic medicine by a licensing or regulatory board in another jurisdiction due to that doctor's mental or physical inability to engage safely in the practice of naturopathic medicine or the doctor's medical incompetence or for unprofessional conduct as defined by that licensing or regulatory board and that corresponds directly or indirectly to an act of unprofessional conduct prescribed by this paragraph. The action taken may include refusing, denying, revoking or suspending a

license, otherwise limiting, restricting or monitoring a licensee or placing a licensee on probation by that licensing or regulatory board. Policy and Procedure will outline these statutes.

5. The board should determine whether it needs additional investigative resources to help ensure it processes complaints in a timely manner. Specifically, the Board should:
 - 5a Assess the efficiency of its complaint investigation process, and other processes, tasks, and responsibilities that its executive director performs. This would help determine if these processes are as efficient as possible and whether the complaint investigation process can be streamlined, or other processes and tasks can be streamlined and/or eliminated. As part of this assessment, the Board should also determine whether its executive director has sufficient time to investigate complaints and perform the other required executive director tasks and responsibilities. The Board should document the results of these assessments, including how much time the executive director must spend to perform the various processes, tasks, and responsibilities assigned to her, including complaint investigations.

The finding of the Auditor General is agreed to and will be implemented.

- 5b. Determine its complaint investigative workload, including an estimate of its future investigative workload and document the results. Doing so will help give the Board the information it needs to then determine its investigative staffing needs.

The finding of the Auditor General is agreed to and will be implemented.

- 5c Determine investigative staffing needs and document the results.

The finding of the Auditor General is agreed to and will be implemented.

- 5d. If after completing these assessments the Board determines that it needs additional investigative resources, it may be able to request additional appropriations to use some of its end-of-year fund balance to contract for investigative assistance on an as-needed basis.

The finding of the Auditor General is agreed to and will be implemented.

Public Information

1. The Board should develop policies and procedures for ensuring that board staff update the database with the correct certificate status in a timely manner.

The finding of the Auditor General is agreed to and will be implemented.

2. The Board should develop and implement public information policies and procedures to guide staff on what information to provide about licensees and certificate holders over the phone and how quickly to return phone calls, and train its staff accordingly.

The finding of the Auditor General is agreed to and will be implemented.

Sunset Factor Analysis

2. The extent to which the Board has met its statutory objective and purpose and the efficiency with which it has operated.

- Board should conduct statutorily required inspections.

The finding of the Auditor General is agreed to and a different method of dealing with the finding will be implemented.

Specifically, the Board determined at the September 11, 2014 Board meeting A.R.S. 32-1504 (A) (6), the outlined is subject to oversight by other entities. The statute appears to be an outdated statute that the Board will consider changing or removing.

A.R.S. 32-1509 (C)(20), was also discussed. The board determined it would create a specific checklist for the inspector to follow, and will further determine an audit schedule.

- Board should approve schools of naturopathic medicine and renew approved schools annually.

The finding of the Auditor General is agreed to and will be implemented.

Naturopathic Colleges recognized by the Board have been accredited by one of the regional accrediting agencies approved by the U.S. Department of Education. In addition, all of the naturopathic medicine programs of these colleges have been accredited by the Council on Naturopathic Medical Education. Each year, the American Association of Naturopathic Medical Colleges provides the Board with a current list of accredited colleges. Policy and Procedure will be implemented to include a once a year board formal approval/and recognition of these colleges based on the list provided each year by the AANMC

- Board should develop and implement policies and procedures for license reinstatement.

The finding of the Auditor General is agreed to and will be implemented.

9. The extent to which changes are necessary in the laws of the Board to adequately comply with the factors listed in the sunset law.

- Licensure-by-endorsement applicants should demonstrate competence to practice acupuncture and minor surgery.

The finding of the Auditor General is agreed to and will be implemented.

Performance Audit Division reports issued within the last 24 months

| | |
|-----------------|---|
| 12-04 | Arizona State Parks Board |
| 12-05 | Arizona State Schools for the Deaf and the Blind |
| 12-06 | Arizona Health Care Cost Containment System—Medicaid Fraud and Abuse Prevention, Detection, Investigation, and Recovery Processes |
| 12-07 | Arizona Health Care Cost Containment System—Sunset Factors |
| 13-01 | Department of Environmental Quality—Compliance Management |
| 13-02 | Arizona Board of Appraisal |
| 13-03 | Arizona State Board of Physical Therapy |
| 13-04 | Registrar of Contractors |
| 13-05 | Arizona Department of Financial Institutions |
| 13-06 | Department of Environmental Quality—Underground Storage Tanks Financial Responsibility |
| 13-07 | Arizona State Board of Pharmacy |
| 13-08 | Water Infrastructure Finance Authority |
| 13-09 | Arizona State Board of Cosmetology |
| 13-10 | Department of Environmental Quality—Sunset Factors |
| 13-11 | Arizona State Board of Funeral Directors and Embalmers |
| 13-12 | Arizona State Board for Charter Schools |
| 13-13 | Arizona Historical Society |
| CPS-1301 | Arizona Department of Economic Security—Children Support Services—Foster-Home Recruitment-Related Services Contracts |
| 13-14 | Review of Selected State Practices for Information Technology Procurement |
| 13-15 | Arizona Game and Fish Commission, Department, and Director |
| 14-101 | Arizona Department of Economic Security—Children Support Services—Transportation Services |
| 14-102 | Gila County Transportation Excise Tax |
| 14-103 | Arizona State Board of Dental Examiners |
| 14-104 | Arizona Office of Administrative Hearings |
| 14-105 | Arizona Board of Executive Clemency |

Future Performance Audit Division report

Arizona Department of Child Safety—Emergency and Residential Placements