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May 4, 2018

The Honorable Anthony Kern, Chair  
Joint Legislative Audit Committee

The Honorable Bob Worsley, Vice Chair  
Joint Legislative Audit Committee

Dear Representative Kern and Senator Worsley:

Our Office has recently completed a 42-month followup of the State of Arizona Naturopathic Physicians Medical Board (Board) regarding the implementation status of the 30 audit recommendations (including sub-parts of the recommendations) presented in the performance audit report released in September 2014 (Auditor General Report No. 14-106). As the attached grid indicates:

- 16 have been implemented;
- 2 have been implemented in a different manner;
- 6 have been partially implemented;
- 4 have not been implemented; and
- 2 are no longer applicable.

Unless otherwise directed by the Joint Legislative Audit Committee, this concludes our follow-up work on the Board's efforts to implement the recommendations from the September 2014 performance audit report.

Sincerely,

Dale Chapman, Director  
Performance Audit Division

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Attachment

cc: Dr. Bruce Sadilek, Chair  
State of Arizona Naturopathic Physicians Medical Board

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

# State of Arizona Naturopathic Physicians Medical Board

## Auditor General Report No. 14-106

### 42-Month Follow-Up Report

Recommendation	Status/Additional Explanation
<b>Licensing: Board should strengthen its policies and procedures for reviewing and approving licenses and certificates</b>	
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>Implemented at 30 months</b>
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.	<b>Implemented at 30 months</b>
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.	<b>Implemented at 30 months</b>
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.	<b>Implemented at 42 months</b>
4. The Board should develop and implement policies and procedures to ensure it continues to audit 10 percent of all license renewal applications.	<b>Implemented at 30 months</b>
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 document and report these audits' results to the Board.	<b>Implemented at 30 months</b>

## Recommendation

## Status/Additional Explanation

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.

**Implemented at 42 months**

7. To effectively track and report licensing time frame information, the Board should develop and implement an electronic mechanism for doing so.

**Implemented at 42 months**

## Complaint resolution: Board should strengthen its process for handling complaints

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;

**Implemented in a different manner at 42 months**

The Board voted at its September 11, 2014, meeting to continue allowing the executive director to dismiss complaints, including complaints that the executive director has investigated. However, the executive director modified the Board's policies and procedures to specify that in cases where the executive director dismisses a case or recommends the Board dismiss a case, the executive director should provide the Board with a brief summary of any dismissed cases, including an explanation of why the case was/should be dismissed. Between July 2016 and February 2018, the executive director dismissed one case and provided the required dismissal explanation to the Board.

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

**Implemented in a different manner at 42 months**

See explanation for Complaint resolution Recommendation 1a.

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.

**Implemented at 30 months**

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

**Partially implemented at 30 months**

The Board has developed disciplinary guidelines that include general complaint categories and outline a range of penalties for each complaint category. However, these guidelines do not define the specific violations that apply to each complaint category.

**Recommendation****Status/Additional Explanation**

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

**Implemented at 42 months**

- 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;

**Implemented at 30 months**

- 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.

**Partially implemented at 42 months**

The Board approved written disciplinary guidelines in early December 2016 that specify that complaints should be prioritized for investigation based upon the danger posed to the public's health and safety and provide examples of complaints that would fall under each prioritization category. However, in late December 2016, board staff revised the disciplinary guidelines to allow the executive director the discretion to assign a different priority from the one disciplinary guidelines recommended. In addition, the revised disciplinary guidelines do not require the executive director to document why he/she deviated from the priority level the disciplinary guidance established. As of April 2018, the Board had not voted to approve the revised disciplinary guidelines.

- 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

**Partially implemented at 42 months**

The Board has developed a complaint-tracking mechanism that includes fields to record the dates that some key steps in the investigative process are completed and has developed policies and procedures that specify the responsibilities of board staff and the Board to use this mechanism to actively monitor the progress of an investigation. However, the Board is not using this complaint-tracking mechanism in accordance with its policies and procedures to actively monitor the progress of ongoing investigations and address reasons for delays. Specifically, board staff reported that they are not always able to enter dates because there is only one full-time staff person and that staff person has other competing priorities.

## Recommendation

## Status/Additional Explanation

- 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.

### **Partially implemented at 42 months**

In January 2017, the Board developed policies and procedures requiring staff to submit reports to the Board regarding the status of open complaints. However, the Board has not developed policies and procedures requiring staff to submit reports regarding the timeliness of closed complaints. In addition, as of the 42-month followup, board staff had not developed or submitted any reports to the Board as required by its policies and procedures. Although during the 42-month followup board staff developed a report to submit to the Board, auditors found that the report did not include some information important to calculating complaint timeliness, such as the amount of time elapsed between when the Board requested a response from the subject of the complaint and the date when the response was received. In addition, dates in the board report were not always accurate when compared to the Board's complaint-tracking mechanism and generally underreported the amount of time it took to resolve complaints.

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

### **Implemented at 12 months**

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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;

### **Not implemented**

At its March 10, 2016, Board meeting, the Board determined it would not assess the efficiency of its internal processes.

- b. Determine its complaint investigative workload, including an estimate of its future investigative workload and document the results;

### **Not implemented**

See explanation for Complaint resolution Recommendation 5a.

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

### **Not implemented**

See explanation for Complaint resolution Recommendation 5a.

## Recommendation

## Status/Additional Explanation

- 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.

### No longer applicable

See explanation for Complaint resolution Recommendation 5a.

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## Public information: Board should improve its provision of public information

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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.

### Implemented at 12 months

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.

### Partially implemented at 30 months

The Board has developed 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. Based on previous follow-up work, the Board had not consistently followed these policies and procedures.

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## Sunset Factor 2: The extent to which the Board has met its statutory objective and purpose and the efficiency with which it has operated

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1. To ensure that training programs are effectively preparing individuals to practice naturopathic medicine and that physicians' dispensing and prescribing practices are appropriate the Board should:

- a. 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.

### Not Implemented

Rather than developing and implementing an inspection process, the Board reported that it has decided to seek legislation to remove the statutes that require it to perform periodic inspections. However, as of the 42-month followup, the Board had yet to seek legislation.

- b. 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 it will need to seek an increase in appropriations to cover these inspections' cost.

### No longer applicable

See explanation for Sunset Factor #2, Recommendation 1a.

2. The Board should develop and implement policies and procedures for approving schools of naturopathic medicine and renewing approved schools annually.

### Implemented at 30 months

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**Recommendation****Status/Additional Explanation**

3. The Board should develop and implement policies, procedures, and an application form for processing license reinstatement requests:

a. 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.

**Partially implemented at 30 months**

The Board amended its administrative rules to specify what information must be provided by applicants applying for reinstatement of a license (see explanation for Recommendation 3b). In addition, the Board has developed a reinstatement application and checklist to reflect these changes. However, the Board has not developed policies and procedures to guide staff in processing reinstatement applications that 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 license. A board official reported that the Board does not intend to develop these policies and procedures because the situations of each revoked or suspended license vary too much.

b. The Board should also work with its Assistant Attorney General to determine whether it should specify the requirements for reinstatement in administrative rules.

**Implemented at 30 months**

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**Sunset Factor #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.**

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1. 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.

**Implemented at 12 months**

The Legislature amended A.R.S. §32-1523 in the 2015 legislative session to require applicants for licensure by endorsement to take and pass the elective exams for acupuncture and minor surgery. If an applicant is otherwise qualified but does not take or pass the elective exams, the applicant will be issued a license that does not include these practice areas.

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