

## NOTICES OF PROPOSED RULEMAKING

Unless exempted by A.R.S. § 41-1005, each agency shall begin the rulemaking process by first submitting to the Secretary of State's Office a Notice of Rulemaking Docket Opening followed by a Notice of Proposed Rulemaking that contains the preamble and the full text of the rules. The Secretary of State's Office publishes each Notice in the next available issue of the *Register* according to the schedule of deadlines for *Register* publication. Under the Administrative Procedure Act (A.R.S. § 41-1001 et seq.), an agency must allow at least 30 days to elapse after the publication of the Notice of Proposed Rulemaking in the *Register* before beginning any proceedings for making, amending, or repealing any rule. (A.R.S. §§ 41-1013 and 41-1022)

### NOTICE OF PROPOSED RULEMAKING

#### TITLE 4. PROFESSIONS AND OCCUPATIONS

#### CHAPTER 1. BOARD OF ACCOUNTANCY

[R06-153]

#### PREAMBLE

- | <u>1. Sections Affected</u> | <u>Rulemaking Action</u> |
|-----------------------------|--------------------------|
| R4-1-341                    | Amend                    |
| R4-1-341.01                 | Repeal                   |
| R4-1-342                    | Amend                    |
| R4-1-343                    | Amend                    |
| R4-1-346                    | Amend                    |
- 2. The statutory authority for the rulemaking, including both the authorizing statute (general) and the statutes the rules are implementing (specific):**  
Authorizing statutes: A.R.S. § 32-703(B)(13)  
Implementing statutes: A.R.S. §§ 32-721, 32-724, 32-726
- 3. A list of all previous notices appearing in the Register addressing the proposed rule:**  
Notice of Rulemaking Docket Opening: 11 A.A.R. 2656, July 15, 2005
- 4. The name and address of agency personnel with whom persons may communicate regarding the rulemaking:**  
Name: Valerie M. Elliott, Executive Director  
Address: Arizona State Board of Accountancy  
100 N. 15th Ave., Ste. 165  
Phoenix, AZ 85007  
Telephone: (602) 364-0804  
Fax: (602) 364-0903  
E-mail: velliott@azaccountancy.gov
- 5. An explanation of the rule, including the agency's reasons for initiating the rule:**  
Clarify language and definitions, remove reference to non-Arizona examinee, and allow registrants other means to notify the Board of a change of address
- 6. A reference to any study relevant to the rule that the agency reviewed and either proposes to rely on or not rely on in its evaluation of or justification for the rule, where the public may obtain or review each study, all data underlying each study, and any analysis of each study and other supporting material:**  
Not applicable
- 7. A showing of good cause why the rule is necessary to promote a statewide interest if the rule will diminish a previous grant of authority of a political subdivision of this state:**  
Not applicable
- 8. The preliminary summary of the economic, small business, and consumer impact:**  
The proposed rules will impact the Board, applicants for certification as certified public accountants and certified public accountants. The proposed rules' impact on the Board will be the usual rulemaking-related costs which are

Notices of Proposed Rulemaking

minimal. The Board estimates the proposed rules will have minimal on applicants for certification as certified public accountants and certified public accountants.

The Board, applicants for certification as certified public accountants and certified public accountants benefit from rules that are clear, concise and understandable. The proposed rules benefit applicants for certification as certified public accountants by specifying items for application packet which may reduce the amount of time it takes applicants to submit packets. In addition, applicants benefit from the definition of "upper level courses" a term used in statute in regards to the education requirement for certification. This definition will allow applicants to select appropriate courses in order to meet the education requirement for certification. Certified public accountants benefit by being able to use other means to notify the Board of an address change. The Board benefits from the proposed rules by providing clear, concise and understandable rules resulting in less inquires regarding the application packet for certification and question regarding upper level courses.

**9. The name and address of agency personnel with whom persons may communicate regarding the accuracy of the economic, small business, and consumer impact statement:**

Name: Valerie M. Elliott, Executive Director  
Address: Arizona State Board of Accountancy  
100 N. 15th Ave., Ste. 165  
Phoenix, AZ 85007  
Telephone: (602) 364-0804  
Fax: (602) 364-0903  
E-mail: velliot@azaccountancy.gov

**10. The time, place, and nature of the proceedings for the making, amendment, or repeal of the rule, or if no proceeding is scheduled, where, when, and how persons may request an oral proceeding on the proposed rule:**

Comments may be written or presented orally. Written comments must be received by 5:00 p.m., June 20, 2006. An oral proceeding is scheduled for:

Date: Tuesday, June 20, 2006  
Time: 8:30 a.m.  
Location: Arizona State Board of Accountancy  
100 N. 15th Ave., Ste. 165  
Phoenix, AZ 85007  
Nature: Oral Proceeding

**11. Any other matters prescribed by statute that are applicable to the specific agency or to any specific rule or class of rules:**

Not applicable

**12. Incorporations by reference and their location in the rules:**

Not applicable

**13. The full text of the rules follows:**

**TITLE 4. PROFESSIONS AND OCCUPATIONS**

**CHAPTER 1. BOARD OF ACCOUNTANCY**

**ARTICLE 3. CERTIFICATION AND REGISTRATION**

Section

R4-1-341. CPA Certificates; by Examination  
R4-1-341.01. ~~CPA Certificates; by Non-Arizona Examinee~~ Repealed  
R4-1-342. CPA Certificates; by Reciprocity  
R4-1-343. Education and Accounting Experience  
R4-1-346. Notice of Change of Address

ARTICLE 3. CERTIFICATION AND REGISTRATION

**R4-1-341. CPA Certificates; by Examination**

- A.** ~~Application:~~ Upon passing all parts of the examination prescribed by A.R.S. §§ 32-723(C) ~~at one sitting or~~ as prescribed by R4-1-229, a candidate believing himself or herself to be otherwise qualified under A.R.S. §§ 32-721, may apply for a certificate of certified public accountant. ~~The candidate shall complete an application packet as prescribed by the Board. The application packet shall include the following information: applicant's background, personal data and photograph; examination scores; education and work history; university or college transcripts to confirm that the bachelor's degree and requirements have been completed; employer or employers name, address, and telephone number; authorization for investigation; and affirmation of truthfulness. by submitting the following to the Board:~~
1. A completed application packet;
  2. An application fee in the amount of \$100.00;
  3. Proof of passing an examination in Professional Ethics, as prescribed by the Board, within the 2 years immediately preceding submission of the application.
- B.** ~~Application fee:~~ The application fee for a certificate by examination is \$100.00. Application Packet: An application packet shall include, but not be limited to, the following information:
1. A completed application form signed by the applicant and notarized;
  2. Applicant's background, personal data and photograph;
  3. Scores from the examination prescribed by A.R.S. § 32-721(A)(2);
  4. Education and work history;
  5. University or college transcripts verifying the educational requirements of A.R.S. § 32-721;
  6. Employment verification, including proof of compliance with the experience requirements of A.R.S. § 32-721;
  7. References and Letters of Recommendations;
  8. Authorization for investigation;
  9. Affirmation of truthfulness;
  10. Such other information required by the Board to determine compliance with the eligibility requirements of A.R.S. § 32-721.
- C.** ~~Examination:~~ Each applicant for a certificate of certified public accountant shall pass an examination in Professional Ethics as prescribed by the Board.
- D.** ~~An applicant for certification shall submit an application package containing the following items to the Board Office:~~
- ~~1. A completed application form signed by the applicant and notarized;~~
  - ~~2. Other information required by the Board as set forth in subsection (A) necessary to determine the applicant's eligibility; and~~
  - ~~3. The application fee.~~
- E.** C. Within 30 days of receiving an application package, the Board shall notify the applicant that the package is either complete or incomplete. ~~If the applicant submits the items set forth in subsection (D) during the month the Board establishes the last day to file applications for examination or the subsequent month, the Board shall have an additional 60 days to notify the applicant that the package is either complete or incomplete. If the package is incomplete, the notice shall specify what information is missing.~~
1. No change
  2. No change
  3. The Board shall not process an application for certification until the applicant has fully complied with the requirements of subsection ~~(D)~~ (A).
  4. No change
  5. No change
  6. The 150-day time-frame for a substantive review for the issuance of a certificate is suspended from the date of the written request for additional information pursuant to subsection ~~(E)~~ (C)(5) until the date that all information is received. Service of any written notice shall be completed in accordance with R4-1-117(F)(1), (2), and (3). Pursuant to R4-1-455.03(F), the applicant has 30 days to respond to the Board's request for additional information. If the applicant fails to timely respond to the Board's request, the Board shall finish its substantive review based upon the information the applicant has presented.
  7. No change
- F.** D. No change
1. No change
  2. No change
  3. No change
- G.** E. No change
1. No change
  2. No change

*Arizona Administrative Register / Secretary of State*  
**Notices of Proposed Rulemaking**

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3. No change

**R4-1-341.01. CPA Certificates; by Non-Arizona Examinee Repealed**

- ~~A.~~ Application: An applicant for certification who sat for the CPA examination, as prescribed by A.R.S. §§ 32-723(C), outside of Arizona, passed all parts of the CPA examination at one sitting or as prescribed by R4-1-229, and who believes himself or herself to be otherwise qualified under A.R.S. §§ 32-721 shall comply with the application requirements as set forth in R4-1-341.
- ~~B.~~ Application fee: The application fee for a certificate by a non-Arizona examinee is \$100.00.
- ~~C.~~ Examination: Each applicant for a certificate of certified public accountant shall pass an examination in Professional Ethics as prescribed by the Board.
- ~~D.~~ The provisions set forth in R4-1-341(A), (D), (E), (F), and (G) apply to non-Arizona examinees.

**R4-1-342. CPA Certificates; by Reciprocity**

- A. Application: A person applying for a certificate as a certified public accountant in Arizona on the basis of a certificate in good standing issued by another state, pursuant to A.R.S. §§ 32-727 § 32-724, shall ~~comply with the application requirements set forth in R4-1-341.~~ submit the following to the Board:
  - 1. A completed application packet;
  - 2. An application fee in the amount of \$100.00.
- B. Application fee Packet: ~~The application fee for a certificate by reciprocity is \$100.~~ An application packet shall include, but not be limited to, the following information:
  - 1. A completed application form signed by the applicant and notarized;
  - 2. Verification of passing the examination prescribed by A.R.S. § 32-721(A)(2);
  - 3. Documentation of the qualifications required by A.R.S. § 32-726;
  - 4. License verification from each jurisdiction in which the applicant has ever been issued a certificate as a certified public accountant;
  - 5. Authorization for investigation;
  - 6. Affirmation of truthfulness;
  - 7. Such other information required by the Board to determine compliance with the eligibility requirements of A.R.S. § 32-724.
- ~~C.~~ Examination: ~~Each applicant for a certificate of certified public accountant shall pass an examination in Professional Ethics as prescribed by the Board. The provisions set forth in R4-1-341(C), (D), and (E) apply to applicants seeking certification by reciprocity.~~
- ~~D.~~ The provisions set forth in R4-1-341 (D), (E), (F), and (G) and the application packet requirements set forth in R4-1-341(A) apply to applicants seeking certification by reciprocity.

**R4-1-343. Education and Accounting Experience**

- A. Definitions. For the purpose of ~~this Section only~~ demonstrating the education and experience requirements of A.R.S. § 32-721, the following definitions apply:
  - 1. No change
  - 2. No change
  - 3. ~~“Examination”~~ “Examining” means the critical inquiry ~~or scrutiny~~ and analysis of financial or accounting information, ~~which may include balance sheets, income statements, cash flow statements, and tax returns.~~
  - 4. ~~“Reporting” means to communicate examination results~~ express an opinion on the results of an examination of financial statements, by oral or written communication, to an employer, clients or other third parties.
  - 5. ~~“Upper level courses” mean courses taken beyond the basic level, that require a prerequisite of introductory accounting courses but does not include principles of accounting or introductory accounting courses.~~
- ~~B.~~ Graduate courses. ~~For a course to qualify as a graduate level accounting course that meets the experience requirement of A.R.S. §§ 32-721(2):~~
  - 1. ~~The course shall be designated by the educational institution at which credit has been earned as a course that is normally open only to graduate students, and~~
  - 2. ~~The content of the course shall require a prerequisite and mastery of the subject matter normally required for completion of an undergraduate degree.~~
- ~~B. C.~~ Certificate of experience. ~~The~~ To demonstrate compliance with the experience requirements of A.R.S. § 32-721, an applicant for certification shall submit a completed application package which includes 1 or more certificates of experience to confirm the accounting experience required by A.R.S. §§ 32-721(2), completed by an individual who possesses personal knowledge of the applicant’s work and sufficient accounting education and experience to be able to evaluate the applicant’s work, and such other information as the Board may require for explanation or clarification of experience.

**R4-1-346. Notice of Change of Address**

- A. ~~Each registrant shall give notice to the Board, within 30 days, of~~ Within 30 days of any business, mailing, or residential

change of address by filing a revised Biennial Registration Form, a registrant shall notify the Board of the new address in a written letter signed by the registrant.

- B. ~~Each registrant shall give notice to the Board Within 30 days of the opening of any new or additional office, or the closing of any existing office. Notice shall be given to the Board by filing a revised Biennial Registration Form. a registrant shall notify the Board in a written letter signed by the registrant.~~

## NOTICE OF PROPOSED RULEMAKING

### TITLE 4. PROFESSIONS AND OCCUPATIONS

#### CHAPTER 1. BOARD OF ACCOUNTANCY

[R06-154]

#### PREAMBLE

- |                                    |                                 |
|------------------------------------|---------------------------------|
| <b>1. <u>Sections Affected</u></b> | <b><u>Rulemaking Action</u></b> |
| R4-1-456                           | Amend                           |
- 2. The statutory authority for the rulemaking, including both the authorizing statute (general) and the statutes the rules are implementing (specific):**  
Authorizing statutes: A.R.S. § 32-703(B)(13)  
Implementing statutes: A.R.S. § 32-703(B)(3) and (13)
- 3. A list of all previous notices appearing in the Register addressing the proposed rule:**  
Notice of Rulemaking Docket Opening: 11 A.A.R. 2657, July 15, 2005
- 4. The name and address of agency personnel with whom persons may communicate regarding the rulemaking:**
- |            |                                                                                       |
|------------|---------------------------------------------------------------------------------------|
| Name:      | Valerie M. Elliott, Executive Director                                                |
| Address:   | Arizona State Board of Accountancy<br>100 N. 15th Ave., Ste. 165<br>Phoenix, AZ 85007 |
| Telephone: | (602) 364-0804                                                                        |
| Fax:       | (602) 364-0903                                                                        |
| E-mail:    | velliott@azaccountancy.gov                                                            |
- 5. An explanation of the rule, including the agency's reasons for initiating the rule:**  
Self disclosure to included actions imposed by the Public Company Accounting Oversight Board and the American Institute of Certified Public Accountants and receipt of modified or adverse peer review report
- 6. A reference to any study relevant to the rule that the agency reviewed and either proposes to rely on or not rely on in its evaluation of or justification for the rule, where the public may obtain or review each study, all data underlying each study, and any analysis of each study and other supporting material:**  
Not applicable
- 7. A showing of good cause why the rule is necessary to promote a statewide interest if the rule will diminish a previous grant of authority of a political subdivision of this state:**  
Not applicable
- 8. The preliminary summary of the economic, small business, and consumer impact:**  
The proposed rules will impact the Board, certified public accountants, registered accounting firms and the public. The proposed rules' impact on the Board will be the usual rulemaking-related costs which are minimal. The Board estimates the proposed rules will have a minimal economic impact on certified public accountants and registered accounting firms. Certified public accountants and registered accounting firms will need to self report within 30 days any disciplinary action by the other state boards of accountancy, Securities and Exchange Commission, Internal Revenue Service, Public Company Accounting Oversight Board, any other state or federal agency or the American Institute of Certified Public Accountants. In addition, registered accounting firms would be required to self report within 30 days receipts of a final adverse peer review or Public Company firm inspection report containing criticism of or identifying potential defects in the quality control system or receipt of a second peer review report that is adverse or modified. The costs for certified public accountants and registered firms would be for collection and copying of the required information. These costs are estimated to be minimal.

Notices of Proposed Rulemaking

The public, Board, certified public accountants and registered firms benefit from rules that are clear, concise and understand. The proposed rules benefit the public and the Board by providing information regarding certified public accountants and registered firms work product or conduct to the Board in a timely matter.

**9. The name and address of agency personnel with whom persons may communicate regarding the accuracy of the economic, small business, and consumer impact statement:**

Name: Valerie M. Elliott, Executive Director  
Address: Arizona State Board of Accountancy  
100 N. 15th Ave., Ste. 165  
Phoenix, AZ 85007  
Telephone: (602) 364-0804  
Fax: (602) 364-0903  
E-mail: vellriott@azaccountancy.gov

**10. The time, place, and nature of the proceedings for the making, amendment, or repeal of the rule, or if no proceeding is scheduled, where, when, and how persons may request an oral proceeding on the proposed rule:**

Comments may be written or presented orally. Written comments must be received by 5:00 p.m., June 20, 2006. An oral proceeding is scheduled for:

Date: Tuesday, June 20, 2006  
Time: 9:00 a.m.  
Location: Arizona State Board of Accountancy  
100 N. 15th Ave., Ste. 165  
Phoenix, AZ 85007  
Nature: Oral Proceeding

**11. Any other matters prescribed by statute that are applicable to the specific agency or to any specific rule or class of rules:**

Not applicable

**12. Incorporations by reference and their location in the rules:**

Not applicable

**13. The full text of the rules follows:**

**TITLE 4. PROFESSIONS AND OCCUPATIONS**

**CHAPTER 1. BOARD OF ACCOUNTANCY**

**ARTICLE 4. REGULATION**

Section

R4-1-456. Reporting Practice Suspensions and Violations

**ARTICLE 4. REGULATION**

**R4-1-456. Reporting Practice Suspensions and Violations**

- A. All registrants, individuals and firms shall report to the Board:
1. ~~Any Imposition of any discipline, including, but not limited to suspension or, revocation, relinquishment, surrender, censure, reprimand, sanction, probation, civil penalty, fine, consent decree or order, practice restriction, denial of application for or modification of a license, certificate, permit of practice rights by other state boards of accountancy, the federal Securities and Exchange Commission (SEC), the Internal Revenue Service (IRS), the Public Company Accounting Oversight Board (PCAOB), or any other state or federal agency.~~
  2. Any ~~final~~ judgment in a civil action or administrative proceeding where the court or public agency makes findings of violations, by the registrant, of any fraud provisions of the laws of this state or of federal securities laws.
  3. Any ~~final~~ judgment in a civil action where the court makes findings of accounting violations, dishonesty, fraud, misrepresentation or breach of fiduciary duty by the registrant.
  4. Any ~~final~~ judgment in a civil action involving negligence in the practice of public accounting by the registrant.
  5. No change

Notices of Proposed Rulemaking

- 6. Receipt of a final adverse peer review report or a PCAOB firm inspection report containing criticism of or identifying potential defects in the quality control systems.
  - 7. Receipt of a second consecutive peer review report that is adverse or modified, including a report review report that contains significant comments.
  - 8. Disciplinary action by the American Institute of Certified Public Accountants.
- B. The report required under this rule must be in the form of a written letter and received by the Board within 30 days of the entry of any judgment or suspension or revocation of the registrant's right to practice before any agency of the matters described in subsection (A). Such letter shall contain a description of the registrant's activities which resulted in a ~~suspension or revocation~~ the disciplinary action, final judgment or conviction; the name of the state or federal agency which has restricted the registrant's right to practice; the effective date and length of any practice restriction; the case file number of any court action, civil or criminal; and the name and location of the court rendering a final judgment or conviction; ~~and the entry date of any final judgment or conviction, and shall be accompanied by a copy of the final judgment or the order, stipulation of consent document that evidences the disciplinary action.~~

**NOTICE OF PROPOSED RULEMAKING**

**TITLE 9. HEALTH SERVICES**

**CHAPTER 18. DEPARTMENT OF HEALTH SERVICES**

**LOCAL HEALTH DEPARTMENT SERVICES**

[R06-160]

**PREAMBLE**

**1. Sections Affected**

R9-18-101  
R9-18-102  
R9-18-103  
R9-18-104  
R9-18-105  
R9-18-105  
R9-18-106  
R9-18-106  
R9-18-106  
R9-18-107

**Rulemaking Action**

Amend  
Amend  
Amend  
Amend  
Repeal  
New Section  
Repeal  
Re-number  
Amend  
Re-number

**2. The statutory authority for the rulemaking, including both the authorizing statute (general) and the statutes the rules are implementing (specific):**

Authorizing statutes: A.R.S. §§ 36-132(A) and 36-136(F)

Implementing statutes: A.R.S. §§ 36-132(A)(2) and 36-189(A)

**3. A list of all previous notices appearing in the Register addressing the proposed rule:**

Notice of Rulemaking Docket Opening: 11 A.A.R. 3975, October 14, 2005

**4. The name and address of agency personnel with whom persons may communicate regarding the rulemaking:**

Name: Carol Vack  
Address: Arizona Department of Health Services  
Local Health Liaison and Program Manager  
Preventive Health Block Grant  
150 N. 18th Ave., Suite 300  
Phoenix, AZ 85007  
Telephone: (602) 542-7395  
Fax: (602) 542-1265  
E-mail: vackc@azdhs.gov  
or

Notices of Proposed Rulemaking

Name: Kathleen Phillips, Rules Administrator  
Address: Arizona Department of Health Services  
Office of Administrative Rules  
1740 W. Adams, Suite 202  
Phoenix, AZ 85007  
Telephone: (602) 542-1264  
Fax: (602) 364-1150  
E-mail: phillik@azdhs.gov

**5. An explanation of the rule, including the agency's reasons for initiating the rule:**

In accordance with the five-year-review report for 9 A.A.C. 18, Article 1, approved by the Governor's Regulatory Review Council (Council) on December 5, 2000, the Arizona Department of Health Services (Department) is revising the Per Capita Matching Funds rules. The proposed changes will add definitions of undefined terms, establish consistent definitions for other terms, correct grammatical errors, clarify and simplify the application process, update the standards for personnel to make them consistent with current statutes, and conform to rulemaking format and style requirements of the Council and the Office of the Secretary of State.

The Department proposes to amend Article 1 so that the rules better specify the "minimum standards of personnel and performance" and the terms for "submission and approval of a plan and budget by ... local health departments" according to A.R.S. § 36-189. The Article will specify the requirements for the application to receive funds and the process by which the Department will review the applications, provide minimum standards pertaining to a registered nurse and a sanitarian, identify the types of records that must be maintained and time periods for the retention of records, authorize the Department to conduct site visits to the local health departments and audits of records, and require local health departments to refund any funds expended for purposes not set forth in the approved application and to notify the Department of any changes to personnel involved in the provision of local health department services or to the approved plan.

**6. A reference to any study relevant to the rule that the agency reviewed and either proposes to rely on or not rely on in its evaluation of or justification for the rule, where the public may obtain or review each study, all data underlying each study, and any analysis of each study and other supporting material:**

The Department did not review or rely on any study related to this rulemaking package.

**7. A showing of good cause why the rule is necessary to promote a statewide interest if the rule will diminish a previous grant of authority of a political subdivision of this state:**

Not applicable

**8. The preliminary summary of the economic, small business, and consumer impact:**

Annual costs or revenues are designated as minimal when less than \$1,000, moderate when between \$1,000 and \$10,000, and substantial when greater than \$10,000.

**Cost Bearers**

- The Department will bear moderate costs related to reviewing, writing, and directing the rules through the rule-making process.
- Local health departments may bear a minimal cost from providing education to registered nurses without a baccalaureate degree who direct public health nursing services.

**Beneficiaries**

- The Department will benefit to a minimal to moderate degree from the reduced time it will take to review the simplified application and from the clarification of requirements.
- Local health departments will benefit to a minimal to moderate degree from the simplified application process and from the clarification of requirements.
- The general public will benefit to a minimal to moderate degree from the increased time that staff of a local health department will be able to spend in the provision of local health department services rather than on the preparation of the application.

The Department determined that the benefits to public health and safety outweigh the costs associated with this rule-making.

**9. The name and address of agency personnel with whom persons may communicate regarding the accuracy of the economic, small business, and consumer impact statement:**

Name: Carol Vack



Notices of Proposed Rulemaking

Address: Arizona Department of Health Services  
Local Health Liaison and Program Manager  
Preventive Health Block Grant  
150 N. 18th Ave., Suite 300  
Phoenix, AZ 85007

Telephone: (602) 542-7395

Fax: (602) 542-1265

E-mail: [vackc@azdhs.gov](mailto:vackc@azdhs.gov)

or

Name: Kathleen Phillips, Rules Administrator

Address: Arizona Department of Health Services  
Office of Administrative Rules  
1740 W. Adams, Suite 202  
Phoenix, AZ 85007

Telephone: (602) 542-1264

Fax: (602) 364-1150

E-mail: [phillik@azdhs.gov](mailto:phillik@azdhs.gov)

**10. The time, place, and nature of the proceedings for the making, amendment, or repeal of the rule, or if no proceeding is scheduled, where, when, and how persons may request an oral proceeding on the proposed rule:**

The Department has scheduled the following oral proceeding:

Date: July 3, 2006

Time: 1:00 p.m.

Location: 150 N. 18th Ave., Room 540A  
Phoenix, AZ 85007-3233

Close of record: 4:00 p.m., July 3, 2006

A person may submit written comments on the proposed rules no later than the close of record to either of the individuals in items #4 and #9.

A person with a disability may request a reasonable accommodation, such as a sign language interpreter, by contacting Ruthann Smejkal at (602) 364-3959 or [smejkar@azdhs.gov](mailto:smejkar@azdhs.gov). Requests should be made as early as possible to allow time to arrange the accommodation.

**11. Any other matters prescribed by statute that are applicable to the specific agency or to any specific rule or class of rules:**

Not applicable

**12. Incorporations by reference and their location in the rules:**

None

**13. The full text of the rules follows:**

TITLE 9. HEALTH SERVICES

CHAPTER 18. DEPARTMENT OF HEALTH SERVICES  
LOCAL HEALTH DEPARTMENT SERVICES

ARTICLE 1. PER CAPITA MATCHING FUNDS

Section

R9-18-101. Definitions

R9-18-102. ~~Grant application~~ Grant Application

R9-18-103. ~~Review and approval of application~~ Review of Application and Awarding of Grant

R9-18-104. ~~Minimum standard of personnel; waiver~~ Minimum Standard of Personnel; Waiver

R9-18-105. ~~Required records and accounts~~ Record Retention and Review

R9-18-106. ~~Visitation, inspection and audit~~

~~R9-18-107~~ ~~R9-18-106~~ Notice to department Notice to Department  
R9-18-107. Renumbered

ARTICLE 1. PER CAPITA MATCHING FUNDS

**R9-18-101. Definitions**

The following definitions shall apply in this Article unless the context otherwise requires:

In this Article, unless otherwise specified:

1. “Application” means the information and documents submitted to the Department by a local health department to obtain approval from the Department to receive funds through a Per Capita Matching Grant.
2. “Business hours” means the specific time period during a day in which a local health department is open to provide local health department services.
3. “Clinical services” means activities performed by a local health department that are:
  - a. Provided to an individual within a local health department building or at a location specified by the local health department, and
  - b. Intended to provide medical or nursing services to the individual.
4. “Communicable disease” means the same as in A.A.C. R9-6-101.
5. “Communicable disease control services” means activities intended to identify, prevent, or reduce the incidence, spread, or severity of communicable diseases.
- ~~6.~~ “Department” means the Arizona Department of Health Services.
7. “Designated service area” means a geographical section of Arizona, specified by a local health department, in which local health department services are provided.
8. “Direction” means the same as in A.R.S. § 36-401.
9. “Electronic” means the same as in A.R.S. § 44-7002.
10. “Environmental health services” means activities intended to identify, prevent, or reduce the exposure of an individual to substances or conditions in air, water, food, soil, or objects with which the individuals may come into contact, which may adversely impact human health.
11. “Epidemiologic investigation” means the same as in A.A.C. R9-6-101.
12. “Health education” means supplying oral or written information to an individual or a group of individuals for the purpose of enabling the individual or group of individuals to attain or maintain optimal health.
13. “High-risk population” means individuals in a designated service area who have medical, social, financial, or other problems that increase the chances that the individuals will need more help than most other individuals in order to maintain or attain optimal health.
14. “Immunization” means the same as in A.R.S. § 36-671.
- ~~2.~~ “Local health department”, also referred to herein as “applicant”, means any established county or municipal health department in the state of Arizona.
15. “Local health department” means the same as in A.R.S. § 36-671.
- ~~3.~~ “Local health department services” means programs which are funded by the Per Capita Matching Grant and which promote and protect the health of the residents in a designated service area providing services relating to communicable disease control, maternal and child health, health education, and environmental health.
16. “Local health department services” means activities performed by a local health department within a designated service area that:
  - a. Are funded in part by a Per Capita Matching Grant;
  - b. Assist individuals, groups of individuals, and populations to improve health and prevent disease;
  - c. Address:
    - i. Communicable disease control services;
    - ii. Maternal and child health services; or
    - iii. Environmental health services; and
  - d. Include activities such as:
    - i. Providing public health nursing services;
    - ii. Providing clinical services to individuals;
    - iii. Providing health education;
    - iv. Performing epidemiologic investigations;
    - v. Planning for public health emergencies and mobilizing community resources during emergencies;
    - vi. Assisting individuals to access state or federal health programs;
    - vii. Coordinating local services concerning nutrition, health-related services, financial assistance with health-related expenses, or other services needed by an individual;
    - viii. Serving as a resource for local programs; and

- ix. Evaluating the effects of activities and services provided by the local health department.
17. "Maternal and child health services" means activities, such as those specified in A.R.S. § 36-132, that are intended to promote the health of women and children.
18. "Medical services" means the same as in A.R.S. § 36-401.
19. "Modification" means a change to the local health department services identified in a local health department's narrative plan, as specified in R9-18-102(A)(1)(b).
20. "Nursing services" means the same as in A.R.S. § 36-401.
4. "Objectives" means the specific results to be achieved by the local health department over a period corresponding to the state fiscal year which contain specific criteria to measure the planned and expected results.
5. "Office" means the Office of Local Health Services within the Arizona Department of Health Services.
- 6-21. "Per Capita Matching Grant" means an allocation of funds by the Department to a local health department, based on service population and minimum standards of personnel and performance, as specified in R9-18-104, for local health department services which are to be matched by each local health department as provided in A.R.S. § 36-189.
22. "Population" means a group of individuals who share a specific characteristic or set of characteristics.
23. "Public health emergency" means any local emergency, as defined in A.R.S. § 26-301, that may affect the health of individuals or populations within a designated service area.
24. "Public health nursing services" means activities performed by a local health department within a designated service area that include:
- a. Assessing the health and health needs of individuals and populations.
  - b. Developing and administering nursing services to meet the health needs of high-risk populations.
  - c. Evaluating the effects of nursing services on the health of an individual or a population.
  - d. Coordinating nursing or medical services for an individual or a population.
  - e. During planning for public health emergencies, recommending strategies to meet the health needs of individuals and high-risk populations, and
  - f. Performing nursing services in response to public health emergencies.
25. "Registered nurse" means an individual licensed under A.R.S. § 32, Chapter 15, Article 2, to practice professional nursing, as defined in A.R.S. § 32-1601.
26. "Registered sanitarian" means an individual who meets the requirements for a registered sanitarian specified in A.R.S. § 36-136.01 and 9 A.A.C. 16, Article 4.
27. "Service population" means the specific group of individuals who are eligible to receive local health department services from a local health department.
- 7-28. "State fiscal year" means the period from July 1 of one year through June 30 of the following year.
29. "Submit" means to send a document from a local health department to the Department by mail, electronically, or by an express package delivery service, such as Federal Express.
30. "Supervision" means the same as in A.R.S. § 36-401.

**R9-18-102. ~~Grant application~~ Grant Application**

- A.** ~~No local health department may receive a Per Capita Matching Grant from the Department for the provision of local health department services without the submission and approval of a written application which includes a plan and budget.~~
- B.** ~~To receive such grant, an application shall be filed with the Office on forms prescribed by and available at no charge from the Office which shall include the following categories of information for each applicant:~~
1. ~~Names, titles, addresses and office telephone numbers for current director or head of the local health department, its supervising body and any chief fiscal officer.~~
  2. ~~A current organization chart which identifies each department unit and its relationship to the whole organization, and the name and title of the person in charge of each unit.~~
  3. ~~A list of personnel to be directly involved in the provision of local health department services by job classification and grade.~~
  4. ~~A signed letter of assurance certifying that, if a grant is awarded, the applicant agrees to:~~
    - a. ~~Provide designated local health department services without regard to race, religion, sex, age, or handicap;~~
    - b. ~~Utilize a federally approved merit system according to Standards contained in 5 CFR Part 900, Subpart F, as amended as of January 1, 1987, incorporated by reference herein and on file in the Office of the Secretary of State.~~
    - e. ~~Comply with confidentiality of records requirements found at A.A.C. R9-1-311 through R9-1-315.~~
    - d. ~~Comply with report and recordkeeping requirements found at A.A.C. R9-18-105;~~
    - e. ~~Comply with matching ratio provisions of A.R.S. § 36-189;~~
    - f. ~~Comply with visitation, inspection and audit requirements found at A.A.C. R9-18-106;~~
    - g. ~~Promote and coordinate the use of local health department services; and~~
    - h. ~~Give recognition to the Department for its support when publishing material or releasing service related information.~~

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5. A narrative plan for a period corresponding to the state fiscal year which specifically identifies the purpose of each local health department service to be provided using:
    - a. A needs assessment;
    - b. Service objectives;
    - c. Designated geographic area to be served;
    - d. Ability and experience of the applicant to perform such services;
    - e. Projected number of clients to be served and basis for the projection of each service as well as the number of clients previously served within the last state fiscal year;
    - f. Evaluation methodology; and
    - g. The specific legal authority of the applicant to provide the service for which funds are being requested.
  6. The budget for the period corresponding to the state fiscal year, categorized by program if such data is available, as approved by the applicant's supervising body which clearly identifies:
    - a. Treating separately the proportionate shares of the Department and the applicant and providing a total cost for each of the following:
      - i. Personal services and employee related expenditures;
      - ii. Professional and outside services;
      - iii. Travel expenses;
      - iv. Occupancy expenses;
      - v. Other operating expenses; and
      - vi. Capital outlay.
    - b. With regard to the source of participating funds for the applicant's share, identify:
      - i. The amount of the applicant's own funds;
      - ii. Amount of grants for non-department funds;
      - iii. Amount of participation by other agencies and organizations; and
      - iv. Amount of any other sources.
  7. A comparison of actual expenditures made by the local health department during the period corresponding to the previous state fiscal year for local health department services with the amount budgeted for such services.
- C.** To be considered for approval, a complete application shall be filed with the Office by no later than January 1 of the current fiscal year. Failure to file a complete application by that date shall result in its denial. Such denial is final.
- D.** Applications shall furnish any other information as may be requested by the Office to clarify incomplete or ambiguous information contained in the application or any documents filed with the application.
- A.** A local health department may request funds from the Department through a Per Capita Matching Grant by submitting an application to the Department that includes:
1. A narrative plan for the period corresponding to the state fiscal year, which specifically identifies:
    - a. A designated service area;
    - b. The local health department services, such as those specified in R9-18-101(16)(d), which will be provided in the designated service area;
    - c. Which of the local health department services, identified in subsection (A)(1)(b), the local health department has provided in the last three years; and
    - d. The number of individuals projected to receive the local health department services identified in subsection (A)(1)(b);
  2. A budget for the period corresponding to the state fiscal year, which identifies:
    - a. The total cost for providing local health department services within the designated service area;
    - b. A list of all sources of funds to be used by the local health department for providing local health department services within the designated service area; and
    - c. The proportionate shares of the total cost to be paid by funds obtained from the sources listed in subsection (A)(2)(b);
  3. A chart that shows the organizational structure of the local health department, including:
    - a. The names of the incumbents in each position; and
    - b. A designation of the types of local health services performed by the incumbent in each position; and
  4. The signature of an individual authorized by the local health department's County Board of Supervisors, under A.R.S. § 11-201, to submit the application.
- B.** A local health department shall submit an application to the Department so that the application is:
1. Received by the Department on or before December 31 of the current state fiscal year; or
  2. Postmarked, or accepted for delivery by an express package delivery service, on or before December 31 of the current state fiscal year, and received by the Department on or before January 5 of the current state fiscal year.
- C.** A local health department shall furnish to the Department any other information as may be requested by the Department, as specified in R9-18-103(A)(2), to clarify incomplete or ambiguous information contained in the local health department's application.

**R9-18-103. ~~Review and approval of application~~ Review of Application and Awarding of Grant**

- ~~A. Within 15 calendar days of the filing, the Office shall review and either approve or deny the application in writing, using the criteria established in R9-18-102 and A.R.S. § 36-189(A).~~
- ~~B. For purposes of clarification, an applicant may be required to make an oral presentation regarding its submission to the Office.~~
- ~~C. If the application is approved, the Office shall notify the local health department and authorize payment of the Per Capita Matching Grant within 30 days.~~
- ~~D. If the application is incomplete or denied for reasons other than timeliness, the notice shall clearly identify the deficiencies and give the local health department an opportunity to meet with the Office to take any and all corrective action. However, if both the meeting and corrective action do not occur within 45 calendar days after issuance of the denial notice, the denial is final and the local health department shall not be eligible to file another application until the following state fiscal year.~~
- A. Within 15 calendar days of the receipt of an application from a local health department, the Department shall:
1. Review the application to determine whether the application:
    - a. Contains all the information specified in R9-18-102(A); and
    - b. Was submitted as specified in R9-18-102(B);
  2. Request from the local health department any additional information necessary to clarify incomplete or ambiguous information contained in the local health department's application;
  3. Award a Per Capita Matching Grant to the local health department for the purposes set forth in the application if the application:
    - a. Meets the criteria specified in subsection (A)(1); or
    - b. Meets the criteria specified in subsection (A)(1)(b), and the local health department furnishes to the Department the information requested under subsection (A)(2) within 7 calendar days of the request; and
  4. Notify the local health department in writing whether the Per Capita Matching Grant is awarded or denied, including, if the Per Capita Matching Grant is denied, the reason for a denial.
- B. If a Per Capita Matching Grant is awarded to a local health department, the Department shall authorize payment of Per Capita Matching Grant funds to the local health department within 30 days of the receipt of an application.

**R9-18-104. ~~Minimum standard of personnel; waiver~~ Minimum Standard of Personnel; Waiver**

- ~~A. Any registered nurse to be directly involved in community health services provided by a local health department shall have a baccalaureate degree in the science of nursing from an institution accredited by the National League of Nursing. An applicant may apply to the Office for a waiver of this requirement. Such a waiver may be granted if the applicant establishes that:~~
- ~~1. The registered nurse is licensed in Arizona;~~
  - ~~2. The application of the requirement would impose an undue burden upon the applicant or the services to be provided; and~~
  - ~~3. Granting a waiver shall not adversely affect the public health, safety or welfare.~~
- ~~B. Any nurse to be directly involved in clinic services provided by a local health department shall meet the definitions found in A.R.S. § 32-1601(6) or (7).~~
- ~~C. Any registered nurse or sanitarian providing local health department services within the state of Arizona on the date this Article is filed with the Secretary of State shall be permitted to continue to do so.~~
- ~~D. Any sanitarian to be directly involved in the provision of local health department services shall be currently registered in the state of Arizona.~~
- A. For clinical services delivered by a local health department, a local health department shall ensure that:
1. A physician licensed under A.R.S. Title 32, Chapter 13 or 17 provides direction for medical services; and
  2. A registered nurse provides direction for and supervision of nursing services.
- B. Except as provided in subsection (C), a local health department shall ensure that:
1. A registered nurse provides direction for public health nursing services; and
  2. The registered nurse specified in subsection (B)(1) has:
    - a. A baccalaureate degree in the science of nursing from an institution accredited by the National League for Nursing Accrediting Commission or the Commission on Collegiate Nursing Education; or
    - b. Five years' experience providing public health nursing services.
- C. A local health department may submit to the Department a request for a waiver of the requirement in subsection (B)(2) that includes:
1. The reason for the request, including what burden the requirement would impose upon the local health department;
  2. The education and experience of the registered nurse that would qualify the registered nurse to perform public health nursing services;
  3. A description of the educational activities the local health department plans to provide for the registered nurse to address differences between the education and experience of the registered nurse and the education and experience of

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- a registered nurse who meets the requirements of subsection (B)(2); and
- 4. How the waiver would affect public health, safety, or welfare.
- D.** The Department shall approve or deny a request made as specified in subsection (C):
  - 1. Within 14 calendar days from the date of the Department's receipt of the request, and
  - 2. Based on:
    - a. The education and experience of the registered nurse,
    - b. The activities described in the narrative plan, specified in R9-18-102(A)(1), and
    - c. The content of the educational activities described as specified in subsection (C)(3).
- E.** A registered nurse who is providing direction for public health nursing services within the state of Arizona on the effective date of this Article is exempt from the requirement of subsection (B)(2).
- F.** A local health department shall ensure that a registered sanitarian provides environmental health services in the designated service area.

**R9-18-105. ~~Required records and accounts~~ Record Retention and Review**

- A.** The local health department shall maintain for review, inspection and audit the following records, reports and accounts relating to the provision of local health department services:
  - 1. Financial records;
  - 2. Personnel records;
  - 3. Service and client records; and
  - 4. Records relating to funding sources.
- B.** Records shall be maintained or stored for three years unless audited prior to that date. If audited, the records shall be retained until any dispute is resolved. All records, data or other documents shall be made available to the Department upon request during normal business hours.
- C.** Each applicant shall make a reasonable effort to protect required records from fire, flood and other hazards and safeguard the records from unnecessary deterioration. If any required record, book or other data is destroyed or lost before the prescribed retention period has elapsed, an affidavit shall be prepared and filed with the Department by the applicant listing as accurately as possible the records involved and describing the circumstances under which they were destroyed or lost.
- D.** Each local health department shall establish and maintain a uniform system and classification of accounts. Generally acceptable accounting principles and procedures shall be used in measuring, recording and reporting the financial affairs and activities of the applicant.
- A.** A local health department shall maintain for review by the Department all records, reports, and accounts pertaining to the provision of local health department services.
- B.** A local health department shall maintain or store the documents specified in subsection (A) for five years from the date the local health department submitted an application, unless the Department performs a financial review of local health department services before that date. If the Department performs a financial review, the local health department shall maintain or store the documents until any dispute arising from the financial review is resolved or for five years, whichever is later.
- C.** Upon request by the Department, a local health department shall make available the documents specified in subsection (A) to the Department during business hours.
- D.** The Department may require a refund of any funds paid to a local health department under a Per Capita Matching Grant that are expended for purposes not set forth in the narrative plan described in R9-18-102(B)(1).

**~~R9-18-106. Visitation, inspection and audit~~**

- A.** The Department may at any time inquire into the operations of the applicant with respect to the services provided and may conduct or cause to be conducted an on-site inspection in all matters affecting such services during normal business hours.
- B.** The funds disbursed pursuant to these rules shall be subject to audit. A refund shall be requested by the Department for any funds expended for purposes not set forth in the approved application.

**~~R9-18-107. R9-18-106. Notice to department~~ Notice to Department**

The applicant shall provide written notice to the Office within 15 calendar days of any change of licensed personnel involved in the local health department services and of any material change in any circumstance upon for which funds were granted. A local health department shall provide written notice to the Department within 30 calendar days of any change in the physician, registered nurse, or sanitarian who are specified in R9-18-104, and of any modification to the narrative plan described in R9-18-102(B)(1).

**~~R9-18-107. Renumbered~~**