ARIZONA
AUDITOR
GENERAL

Lindsey A. Perry, Auditor General

August 21, 2026

Members of the Arizona State Legislature

The Honorable Katie Hobbs, Governor

President/CEO Sadler
Arizona Sports and Tourism Authority

We have issued an initial followup report regarding the implementation statuses of the recommendations from the November 2025 *Performance Audit of the Arizona Sports and Tourism Authority* report (see report 25-117) conducted by the independent firm Walker & Armstrong, LLP under contract with the Arizona Auditor General. This audit was in response to Arizona Revised Statutes §5-812 and was conducted under the authority vested in the Auditor General by Arizona Revised Statutes §41-1279.03.

The November 2025 report made 13 recommendations to the Arizona Sports and Tourism Authority (Authority). My Office contracted with Walker & Armstrong, LLP to conduct initial followup work with the Authority, and as of this initial followup report, 6 recommendations have been implemented, 1 recommendation has been implemented in different manner, 4 recommendations are in process, and 2 recommendations have not been implemented.

My Office has contracted with Walker and Armstrong, LLP to follow up with the Authority again at 18 months to assess its progress in implementing the 6 outstanding recommendations.

Sincerely,

Lindsey A. Perry

Lindsey A. Perry, CPA, CFE
Auditor General

Arizona Sports and Tourism Authority

Initial Follow-Up of Report 25-117

The November 2025 Arizona Sports and Tourism Authority (Authority) performance audit found that the Authority distributed revenue consistent with statutory requirements and its revenues have increased since the COVID-19 pandemic, but the Authority did not consistently oversee its facility manager or comply with all State conflict-of-interest laws, and lacked a plan for using cash reserves exceeding required amounts. We made **13** recommendations to the Authority.

Authority's status in implementing the 13 recommendations

Implementation status	Number of recommendations
✓ Implemented	6 recommendations
☑ Implemented in a different manner	1 recommendation
In process	4 recommendations
Not implemented	2 recommendations

We will conduct an 18-month follow-up with the Authority on the status of the recommendations that have not yet been implemented.

Recommendations

Finding 1: Authority did not ensure Stadium concessions or event fees it received were accurate, potentially resulting in the Authority not receiving revenues it was entitled to.

The Authority should:

1. Require the facility manager to verify concession revenues received in fiscal years 2021 through 2025 were accurate and complete.

   Status: Implementation in process

   In April 2026, the Authority began working with its facility manager to determine procedures to verify that concession revenues received were accurate and complete. We attended a meeting with the Authority, facility manager, and concession company personnel to discuss possible approaches for obtaining the information needed to confirm revenues and begin the reconciliation process.

   Following this meeting, the Authority continued working with the facility manager and concession company and identified several challenges. Specifically, reconciling a full year of revenue would require a substantial amount of work due to the number and types of events held, as well as certain items that needed to be excluded from the calculations, such as catering revenues related to Arizona Cardinals events.

   In May 2026, we met with the Authority and concession company personnel to discuss ways the systems could be filtered and used to generate reliable information without requiring a manual reconciliation of every event. At the conclusion of that meeting, the concessions company agreed that there may be a more efficient approach. The Authority, facility manager, and concessions company then continued working together to identify a solution.

   As of June 2026, based on our review of the Authority's documentation, the Authority had verified that the facility manager completed its review of fiscal year 2021 concession revenues and was working on the review of fiscal year 2022 concession revenues. The completed fiscal year 2021 review did not identify any additional revenues owed to the Authority. The Authority's Chief Financial Officer (CFO) reported that the Authority anticipates fully implementing the recommendation by May 2027. We will further assess the Authority's implementation of this recommendation during our next follow-up.

2. Develop and implement policies and procedures to oversee the facility manager to ensure that amounts remitted from concession sales are consistent with its contractual arrangement.

   Status: Implementation in process

   As of June 2026, the Authority had developed and approved policies and procedures for overseeing the facility manager's process for verifying that amounts received from the concession company personnel for concession sales were consistent with the contractual arrangements. Specifically, the Authority requires the facility manager to review the concession company's point-of-sale (POS) system reports and use those reports to reconcile reported concession revenues to verify that the amounts used to calculate concession payments are accurate.

After obtaining the POS reports, the facility manager reconciles the revenues reported in the POS system to the concession revenue calculations and completes a checklist certifying that the amounts reviewed from the concession company's POS reports agree to the concession revenues reported. After the facility manager completes its review, the Authority's CFO reviews the amounts reported from the POS system, the revenues reported by the concession company, the calculated concession revenue, and the amounts received from the concession company. This review is performed to verify that the information provided by the facility manager agrees to the amounts reported by the concession company and recorded in the Authority's accounting records.

Although the Authority has developed and implemented these policies and procedures, the facility manager is still in the process of finalizing its review for fiscal years 2022 through 2025. Therefore, we were unable to verify the Authority's continued adherence. We will continue to assess the Authority's adherence to its policies and procedures during our next follow-up.

3. Follow its policy to review event settlements monthly.

   Status: Implementation in process

   As of June 2026, the Authority's CFO reported that they were in the process of catching up on the review of the event settlements. Our review of the Authority's event settlement reviews noted that the Authority had completed reviews through January 2026. The Authority's CFO reported that they will continue working to catch up on its reviews and has been coordinating with the facility manager to obtain a computer and other equipment an additional employee would need to perform monthly settlement reviews and other assigned duties. See Recommendation 5 for more details on hiring additional personnel. The CFO also stated that once the position is filled, the new hire will be able to complete certain tasks that will provide the CFO with additional time to finalize settlement reviews.

   The Authority reported that it anticipates this recommendation will be fully implemented by the end of calendar year 2026. We will further assess the Authority's implementation of this recommendation during our next follow-up.

4. Conduct fiscal year 2025 event settlement reviews.

   Status: Implemented at 6 months

   Our review of a judgmental selection of 5 of 12 event settlement reviews conducted by the Authority's CFO for fiscal year 2025 events found that the CFO had completed all event settlement reviews for fiscal year 2025 and did not identify any significant issues or additional amounts due to the Authority.

5. Hire additional personnel in accordance with the Authority's budget to support the CFO in fiscal responsibilities and help ensure settlement reviews are completed in a timely manner.

   Status: Not implemented

   As of June 2026, the Authority reported that it did not hire additional personnel to support the CFO in fiscal responsibilities and help ensure settlement reviews are completed in a timely manner. The Authority reported that it encountered delays in the process of hiring additional personnel, including:

   - Major office renovations that displaced all current staff from the office. The Authority reported that this restricted its ability to effectively and efficiently train a new employee. Therefore, the

Authority elected to postpone the hiring process until staff could return to the office. We observed that the Authority's office renovation was completed during a May 2026 onsite visit.

- Turnover of IT personnel prevented the Authority from being able to set up equipment and systems necessary for a new employee. We reviewed communications with the Authority's facility manager, which indicated that the facility's IT staff position became vacant in May 2026.

The Authority reported that it will post the position to begin the hiring process once the IT role is filled and anticipates that it will fully implement our recommendation to hire additional personnel to support the CFO by October 2026. We will further assess the Authority's implementation of this recommendation during our next follow-up.

Finding 2: Authority did not comply with some State conflict-of-interest requirements or fully align its processes with recommended practices, increasing the risk that employees and Board members did not disclose substantial interests that might influence or could affect their official conduct.

The Authority should:

6. Revise its policy to include all statutory requirements and recommended practices, including but not limited to prohibitions of direct or indirect financial interests; procedures for reviewing and remediating conflicts; requiring the minutes to reflect the reason for Board members abstaining from voting; specifying roles and timelines for distributing, collecting, and reviewing conflict-of-interest disclosure forms; outlining how conflicts will be addressed; maintaining a special file; and providing periodic training.

   Status: Implemented in a different manner at 6 months

   As of June 2026, the Authority revised its policy and written operating procedures to include all statutory requirements and recommended practices. Specifically, our June 2026 review of the Board's updated policy found that it included prohibitions of direct or indirect financial interests, requiring the minutes to reflect the reason for Board members abstaining from voting, outlining how conflicts will be addressed, maintaining a special file, and providing periodic training.

   We also reviewed the Authority's updated written standard operating procedures and found that it included procedures for reviewing and remediating conflicts and specified roles and timelines for distributing, collecting, and reviewing conflict-of-interest disclosure forms.

   Although the Authority revised its standard operating procedures to include aspects of the recommendation, as opposed to including them in its policy, the Authority's method for implementing the recommendation fulfills its intended purpose.

7. Follow its policy to maintain a special file to memorialize disclosures of substantial interest, as statutorily required.

   Status: Implemented at 6 months

As of June 2026, the Authority reported that it had followed its policy to maintain a special file to memorialize disclosures of substantial interest, as statutorily required, by creating a special file and documenting disclosures by Board members and staff. We reviewed the Authority's special file and noted that it contained one disclosure from an Authority staff member who also served as a board member of an agency that was expected to receive grant funding. The Authority's Director, Executive Office Operations and Grants, reported that the Authority had not received any other disclosures but that the special file would be used to maintain any future disclosures received from Board members or staff.

8. Revise its conflict-of-interest disclosure form to comply with statute and recommended practices, such as requiring an "affirmative no" or indication of potential conflict, affirmation that no prohibited interests exist, and a completion date.

   Status: Implemented at 6 months

   The Authority revised its conflict-of-interest disclosure form to comply with statutory and recommended practices. Specifically, our review of the updated conflict-of-interest form found that it had required an "affirmative no" or indication of a potential conflict, affirmations that no prohibited interests exist, and a completion date, as required by statute and recommended practices.

9. After revising its conflict-of interest disclosure forms, obtain updated disclosure forms from Board members and staff.

   Status: Implemented at 6 months

   We reviewed all conflict-of-interest disclosure forms completed by Authority Board members and staff between December 2025 and March 2026 and verified that the new form was consistently used and that all Board members and staff completed the form.

10. Continue to provide annual training on its conflict-of-interest requirements, process, and disclosure form including providing training to all Board members and staff on how the State's conflict-of-interest requirements relate to their unique functions or responsibilities.

    Status: Implemented at 6 months

    During our initial performance audit of the Authority, we observed that Authority Board members and staff received training during its monthly Board meeting in June 2025. Our observation of the Authority's June 2026 Board meeting found that the Authority continued to provide annual conflict-of-interest training to all Board members and staff, which included the Authority's conflict-of-interest requirements, processes, and disclosure form. Additionally, the training included topics on how the State's conflict-of-interest requirements relate to the Authority's unique functions and responsibilities.

Question 7: What is the Authority's plan for using monies that exceed its required cash reserve amounts?

The Authority should:

11. Complete a facility assessment to determine projected future costs for Stadium repair and replacement.

Status: Implemented at 6 months

As of June 2026, the Authority received a facility assessment from the facility manager that was performed by an external consulting firm. Our review of the assessment found that it evaluated the facility's architectural and interior components; structural, roofing, mechanical, electrical, plumbing, and fire protection systems; technology infrastructure; and vertical transportation systems, including elevators and escalators. Based on the report, the outside consultants came to their conclusions through direct observations and discussions with facility personnel.

The assessment identified 381 items requiring replacement or repair, assigned a priority level to each item, and provided a potential 20-year replacement schedule with estimated costs, including inflation. The Authority's Chief Executive Officer (CEO) reported that the timeline provided in the assessment is not the Authority's or facility manager's adopted plan, but rather a starting point to help them develop a plan that best meets their needs.

12. Based on the results of the facility assessment, develop a comprehensive facility renovation plan that identifies future projects and needs, provides reliable cost estimates, establishes timelines for completion, and includes a process for routine review and update of the plan.

Status: Not implemented

As discussed in Recommendation 11, the Authority received a facility assessment that was provided by the facility manager. The assessment included a drafted facility renovation plan that identified future projects and needs, provided cost estimates, and provided an estimated timeline for each project and need. However, the Authority's CEO reported that the assessment will be used to create a facility renovation plan for the identified projects and needs; however, Proposition 302 sunsets in 2031.[1] Therefore, there is currently no way to determine a timeline for completion for all identified projects as funding cannot yet be determined for the 20-year timeframe proposed in the assessment. Until the Authority can reliably determine its funding options, the facility manager maintains a 5-year capital plan that identifies the most immediate capital project needs. Annually, the Authority includes an updated capital project plan in the budget for review and approval by the Board. Additionally, any emergency building needs will be brought before the Board for approval.

Accordingly, the Authority was unable to provide an estimated implementation date. We will further assess the Authority's progress of implementing the recommendation during our next follow-up.

[1] Proposition 302 established the Authority in November 2000 and also established a new surcharge on car rentals and a new local tax on hotels in Maricopa County and outlined funding priorities for these new tax revenues, which are used to fund the Authority's responsibilities, such as payment of Stadium bond obligations.

13. Develop and implement policies and procedures to routinely evaluate operating cash, reserve needs, and historical and projected revenues and expenses, including but not limited to Stadium repair, replacement, and removal. The policies and procedures should outline how the Authority will plan and budget for using operating monies that exceed amounts needed to pay its budgeted operating expenses and maintain its statutorily required cash reserves, including when it will use monies in its operating account to pay Stadium bond obligations to increase its tourism revenue distributions to meet statutorily required distribution to lower priorities.

Status: Implementation in process

As of June 2026, the Authority developed a written procedure that requires Authority staff to annually present to the Authority's Finance Committee an evaluation of operating cash, reserve needs, and historical and projected revenues and expenses. The Finance Committee will evaluate whether operating cash exceeds the reserves needed for economic downturns, annual operating and capital costs, and future facility repair, replacement, and removal costs. If excess cash is available, the Finance Committee will determine whether the Authority should use it to make additional senior bond debt payments to increase its tourism revenue distributions to meet lower-priority distribution requirements and provide a recommendation to the full Board.

Our observation of the Board's June 2026 Board meeting found that the Board approved the use of operating cash for fiscal year 2027 and delegated the responsibility for determining the future use of excess operating cash to its Finance Committee. For fiscal year 2027, the Board determined that the Authority's operating cash would not exceed its reserve needs and, therefore, no excess cash would be available to make additional payments toward its stadium bond obligations.

We will assess the Authority's compliance with its new process for the Finance Committee to review and determine the future use of excess operating cash during our next follow-up.