Arizona Board of Regents

Sunset Review

ABOR fulfilled some key statutory objectives we reviewed but did not fully implement some university financial oversight policies, limiting insight into universities' financial health and increasing risk of not timely detecting potential financial issues, and lacked a process for escalating defaulted scholarship repayments for collections

Audit purpose

To determine whether ABOR conducted quarterly financial status updates and annual business process reviews of the 3 State universities pursuant to its policies and administered scholarship programs in accordance with statute, and to respond to the 10 statutory sunset factors.[1]

Key findings

- ABOR is responsible for governing the 3 State universities—Arizona State University, Northern Arizona University, and the University of Arizona—including overseeing the universities' financial standing and administering various scholarship programs and funds, such as Arizona Teachers Academy scholarships.

- ABOR implemented outstanding recommendations from our 2019 ABOR Commercial Real Estate audit by following its commercial real estate policy when approving a commercial lease that included measurable performance standards and economic benefits.[2]

- ABOR revised its financial oversight policies to require quarterly university financial status updates in response to the University of Arizona's nearly $177 million fiscal year 2024 budget shortfall but did not consistently or fully implement some policy requirements, including not requiring the universities to report their actual cash on hand, limiting the Board's insight into the universities' financial health.

- ABOR is responsible for collecting repayments from Arizona Teachers Academy scholarship recipients who fail to meet statutory program requirements, but it reported it did not escalate to collections more than $1.4 million of $2.7 million in defaulted repayments dating back to calendar year 2020 and lacked a process for doing so.

---

1 The Arizona Auditor General conducted this sunset review of ABOR pursuant to an October 7, 2025, resolution of the Joint Legislative Audit Committee. This audit was conducted as part of the sunset review process prescribed in Arizona Revised Statutes §41-2951 et seq.

2 Statute authorizes ABOR to own and lease its property for the State's benefit and for the universities' use. However, our 2019 ABOR Commercial Real Estate audit found that ABOR lacked written guidance for approving commercial leases, increasing the risk of inappropriate use of public resources leased to private parties. See Arizona Auditor General report 19-115 *A Performance Audit of the Arizona Board of Regents—Commercial real estate*.

- During the audit, ABOR initiated revisions to its financial oversight policy to reflect its current quarterly financial status update practices and developed a process for escalating defaulted scholarship repayments to the Arizona Attorney General's Office for collections.

Key recommendations to ABOR

- Revise and implement its financial oversight policy to align with its current practices.
- Implement its process for escalating defaulted scholarship repayments to the Arizona Attorney General's Office for collections.