ARIZONA Auditor General
Making a Positive Difference

Arizona State Land Department

Initial Followup of Sunset Review Report 25-103

The July 2025 Arizona State Land Department performance audit and sunset review found that the Department did not develop long-range plans for State trust land, risking difficulties demonstrating land sales benefit trust beneficiaries, or inspect land used for mineral mining/exploration to protect public safety, and made purchases for employee-recognition purposes using unauthorized monies. We made **51** recommendations to the Department.

Department's status in implementing 51 recommendations

Implementation status	Number of recommendations
Implemented	11 recommendations
Implemented in a different manner	3 recommendations
In process	27 recommendations
N/A No longer applicable	2 recommendations
Not implemented	**8 recommendations**

In addition, this followup report includes work we conducted to address several Joint Legislative Audit Committee (JLAC) members' questions regarding a November 2020 State trust land sale auction (Superstition Vistas auction) raised during a December 8, 2025, public meeting (see pages 22 though 26 for more information about our review). The Superstition Vistas auction was for the sale of 2,783 acres of State trust land for a master-planned community in Pinal County, and the Department required potential bidders to meet specific, Department-established qualifications to bid at the auction, such as meeting net-worth thresholds and having experience

developing master-planned communities. JLAC members had various questions about the transparency and consistency of the Department's State trust land sale processes as it related to the Superstition Vistas auction, including: how the Superstition Vistas auction compared to other auctions completed since 2023 under the tenure of the Department's current State Land Commissioner, why additional bidder qualifications were added to the Superstition Vistas auction, whether the Department would add additional bidder qualifications to auctions in the future, and why State trust lands appear to be appraised at far below what they are actually worth. Based on this discussion, JLAC directed us to compare the Superstition Vistas auction to at least 1 auction that occurred between calendar years 2023 and 2025 that did not have multiple bidders or that had unique circumstances, such as constraints on bidders, and to auctions completed after our audit was issued in July 2025.

We will conduct another followup with the Department in calendar year 2027 on the status of the recommendations that have not yet been implemented.

Recommendations to the Department

Finding 1: Department failed to develop statutorily required 5-year disposition plans, risking difficulties demonstrating State trust land sales were transparent and in trust beneficiaries' interest

1. Develop and implement an updated 5-year disposition plan for all State trust land, as required by statute.

- Status: **Implementation in process.**

  In June 2026, the Department entered into an interagency service agreement (ISA) with Arizona State University (ASU) for ASU to create a dynamic parcel evaluation and prioritization model that the Department can use to support the preparation of its 5-year disposition plan. According to the ISA's scope of work, the model is expected to identify State trust land parcels that the Department should consider for disposition within the ensuing 5-year period based on Department-approved criteria. The model is also expected to enable the Department to systematically identify, rank, and identify market timing for parcels based on development readiness, market timing, financial performance, infrastructure capacity, and long-term trust value optimization. Further, the model is expected to serve as both an internal decision-support tool for the Department and as a communication framework for various audiences, including the public. According to the ISA's scope of work, this project was expected to take 16 months to complete starting from June 2026.

  Additionally, as of June 2026, the Department was still in the process of developing a policy for creating 5-year disposition plans for State trust land (see recommendation 2 for more information on the Department's status developing written policies and procedures for creating 5-year disposition plans for State trust land). As a result, it had not yet developed or implemented an updated 5-year disposition plan for all State

trust land, as required by statute. As of June 2026, the Department reported that it anticipates completing its policies and procedures for creating 5-year disposition plans for State trust land by December 2026 and completing an updated 5-year disposition plan by December 2027. We will further assess the Department's development of an updated 5-year disposition plan for all State trust land during our next followup.

2. Develop and implement written policies and procedures for developing 5-year disposition plans for State trust land, including reviewing and updating the plans annually as needed, as required by statute.

- Status: **Implementation in process.**

  As of June 2026, the Department had begun developing a draft policy for creating 5-year disposition plans for State trust land. The draft policy outlined criteria that may be considered when determining whether to make State trust land available for sale or lease, including various factors that may impact land value. However, the Department's draft policy did not outline the process for developing a 5-year disposition plan, such as who should initiate its development, when it should be developed, and what should be included in the plan, or include guidance for reviewing and updating the 5-year disposition plan annually as needed. According to the Department, it is still in the process of developing procedures and guidelines for creating an updated 5-year disposition plan, and it reported that it anticipates completing all policies, procedures, and guidelines related to developing 5-year disposition plans by December 2026. We will further assess the Department's development and implementation of policies and procedures for creating 5-year disposition plans for all State trust land during our next followup.

3. Develop and implement written policies and procedures for using its updated 5-year disposition plan to make determinations regarding whether to sell State trust land, including for application-driven land sales.

- Status: **Not implemented.**

  Although the Department has developed some draft policies outlining potential criteria for the disposition of State trust land (see recommendation 2), the Department's draft policy does not include guidance for using its updated 5-year disposition plan to make determinations regarding whether to sell State trust land, including for application-driven land sales. Additionally, the Department's draft policy does not include guidance for determining whether additional bidder qualifications should be required of potential bidders based on the intended purpose of the land as outlined in the 5-year disposition plan, such as for master-planned communities (see pages 22 through 26 for more information about the Department requiring bidders to meet additional qualifications). As of June 2026, the Department reported that it anticipates completing policies and procedures for using its updated 5-year disposition plan to make determinations regarding whether to sell State trust land by December 2027, in conjunction with the completion of its 5-year disposition plan.

Absent policies and procedures for using the 5-year disposition plan to make determinations regarding whether to sell State trust land, the Department increases the risk that its decisions to sell State trust land lack transparency and that it will have difficulty demonstrating the highest and best use of the land for the trust beneficiaries. Specifically, as discussed in our audit and/or illustrated in the 2020 Superstition Vistas auction case example discussed below (see pages 22 through 26), without proactively planning the disposition of State trust lands, the Department may have difficulty demonstrating whether potential State trust land sales initiated by external stakeholders, such as land sales with single bidders or with additional qualifications, are in the best interest of trust beneficiaries. For example, requiring bidders to meet additional qualifications without proactively and transparently planning for the sale of the land and informing the public of its intended uses using a 5-year disposition plan could lead to concerns that the additional qualifications were intended or designed to favor a particular pre-selected bidder, most notably when the land sale was applicant-driven. We will further assess the Department's implementation of this recommendation during our next followup.

4. Develop and implement written policies, procedures, and/or guidance for selling State trust land at the Commissioner's initiative, such as using its updated 5-year disposition plan to guide the Commissioner's decision making process.

- Status: **Implementation in process.**

  As of October 2026, the Department had developed written guidance for selling State trust land at the Commissioner's initiative and published this guidance on its website, consistent with statutory requirements.[1] According to the Department's written guidance, the Commissioner must consider factors such as economic development, land preparation, rights-of-way, and any additional criteria at the Commissioner's discretion to determine if selling State trust land at the Commissioner's initiative is appropriate.[2] The Department reported that it held 1 auction for the sale of State trust land at the Commissioner's initiative between July 2025 and October 2026. Specifically, in March 2026, the Department sold approximately 6 acres of State trust land in Pinal County to the Maricopa Flood Control District for a regional flood control structure for $3,200, which was the appraised value of the land. Because the Department has not sold State trust land at the Commissioner's initiative since publishing its guidance, we will further assess the Department's implementation of this recommendation during our next followup.

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1 Laws 2026, Ch. 224, §17, amended A.R.S. §37-233(D) to require the Department to establish a procedure and criteria for initiating the sale of State trust land at the Commissioner's initiative and make these available on its website.

2 A.R.S. §37-233(D) requires the Department to establish a procedure and the criteria the Commissioner must use for determining whether to initiate the sale of State trust land by the Commissioner's own initiative and to make these available on its website. The Department's written guidance specifies that once the Commissioner has determined that a sale is appropriate, the Department will file an application on the Department's behalf noting the specific criteria justifying the sale.

Finding 2: Department did not inspect land or release bonds for some mineral-related leases and permits, and released bonds for some uninspected permits, placing public safety at risk and potentially not returning bond monies to some lessees and permittees who restored land

5. Identify and conduct reclamation inspections for closed mineral leases, mineral material leases, and mineral exploration permits, in accordance with Department policies and procedures.

- Status: **Not Implemented.**

  In November 2025, the Department revised its policies and procedures for conducting reclamation inspections. According to the Department's revised procedures, the Department should conduct reclamation inspections for closed mineral-related leases and permits unless the permittee/lessee did not plan or conduct any significant ground-disturbing work according to permit/lease documentation (see recommendation 12 for more information about this process in the Department's reclamation inspection procedures). Our review of Department mineral-related lease and permit data found that the Department had identified 202 closed leases and permits that it needed to conduct reclamation inspections for as of June 2026.[3] Additionally, the Department reported that as of October 2026, it had conducted 25 reclamation inspections of closed mineral-related permits in calendar year 2026; however our review of 2 of these 25 reclamation inspections found that the Department was unable to provide documentation indicating it had performed, documented, and uploaded inspection reports in accordance with Department policy and procedures (see recommendation 9 for more information about the Department's reclamation inspections). We will further assess the Department's implementation of this recommendation, including whether it conducted inspections in accordance with its policies and procedures, during our next followup.

6. Release reclamation bonds only after the Department has determined that the land has been restored, such as by conducting a reclamation inspection.

- Status: **Not Implemented.**

  In November 2025, the Department revised its policies and procedures for releasing reclamation bonds to require reclamation inspections of mineral-related leases and permits prior to releasing bonds unless the permittee/lessee did not plan or conduct significant ground-disturbing work (see recommendation 12 for more information about this process in the Department's reclamation inspection procedures). Our review of 2 reclamation inspections of mineral exploration permits conducted in January 2026 and March 2026 found the Department did not release the associated reclamation bonds or lacked documentation that it received an associated reclamation bond (see recommendation 8 for more information on the Department's documentation

[3] According to the Department, it used information from its IT system and reviewed documentation associated with closed leases and permits to identify which leases and permits needed reclamation inspections.

of reclamation bonds).[4] However, because the Department was unable to provide documentation related to the outcome of its reported inspections, we were unable to assess whether the Department determined the land had been appropriately restored (see recommendation 9 for more information on the Department's documentation of reclamation inspections). Specifically, one reclamation bond we reviewed was not released because the bond applied to multiple active permits. We will further assess the Department's implementation of this recommendation during our next followup.

7. Implement our 2007 audit recommendation to cross-train staff on conducting reclamation inspections.

- Status: **Not Implemented.**

  As of October 2026, the Department had not developed formal reclamation inspection training for nonminerals section staff. According to Department data, as of October 2026, 4 employees from sections other than its minerals section had attended reclamation inspections alongside minerals section staff. The Department reported it anticipated developing formal training-related documents by the end of calendar year 2026 and intends to cross-train staff to independently conduct reclamation inspections and assign those staff to inspections on an as-needed basis. We will further assess the Department's implementation of this recommendation during our next followup.

8. Obtain and document reclamation bonds for all mineral leases, mineral material leases, and mineral exploration permits.

- Status: **Implementation in process.**

  According to Department data, as of June 2026, 12 leases and 62 permits of 1,296 active mineral-related leases and permits in the Department's IT system lacked associated reclamation bonds. The Department provided updated data for mineral-related leases and permits as of October 2026 indicating only 3 active permits and 3 active leases lacked associated reclamation bonds.[5] Additionally, as discussed in recommendation 6, our review of documentation associated with inspections of 2 mineral-exploration permits in October 2026 found that 1 of 2 permits lacked documentation that the Department received an associated reclamation bond in its IT system, and this permit was not included in the Department's June 2026 or October 2026 data of permits lacking associated reclamation bonds, indicating the Department's data may be incomplete. According to the Department, this permit was not included in its data because the permit expired prior to August 2025 and the data only includes permits that were active and/or expired after August 2025. The Department reported that it is working with lessees and permittees to document missing bonds in its IT system and anticipates it will have obtained and documented all bonds for existing mineral-related leases and permits by the end of calendar year 2026.

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[4] Our review of Department data found that, of the 2 mineral-related permit inspections we reviewed, 1 permit's associated bond was attached to other active permits at the time of the reclamation inspection and therefore would not be released until all active permits had been determined restored, and 1 permit had no bond documented in the Department's IT system (see recommendation 8 for more information on the Department's documentation of reclamation bonds).

[5] According to the Department, the bonds for these 3 active permits were incorrectly linked to a separate permit held by the same mining company.

Although the Department has made progress in identifying and documenting reclamation bonds for mineral-related leases and permits, the Department's data for tracking mineral-related leases and permits without bonds may be incomplete as it only includes permits that were active and/or expired after August 2025. As such, we will further assess the Department's implementation of this recommendation, including whether it identified any additional leases and permits that expired prior to August 2025 that lack reclamation bonds, during our next followup.

Revise and implement changes to its reclamation inspection policies and procedures that establish:

9. An updated process for documenting reclamation inspections in the Department's updated IT system.

- Status: **Implementation in process.**

  In November 2025, the Department revised its mineral-related reclamation policies and procedures to require Department staff to upload inspection reports for completed reclamation inspections of mineral-related leases or permits to the Department's IT system. However, our review of the Department's reclamation inspection data and documentation found that it had not uploaded inspection reports for completed inspections into its IT system, in accordance with its policies and procedures. Specifically, our review of documentation associated with inspections of 2 closed mineral-related permits that the Department reported it had inspected in January and March 2026 found that, as of October 2026, the Department's IT system had no documentation indicating the completion of reclamation inspections for these permits.[6] According to the Department, it had not uploaded these inspection reports because it is still in the process of finalizing its standard inspection report intended to be uploaded to its IT system after each completed inspection and staff were instead using a separate spreadsheet to document reclamation inspections, and not the Department's IT system. The Department did not provide a date for when it would finalize its standard inspection report. We will further assess the Department's implementation of this recommendation during our next followup.

10. A process for Department staff to close leases and permits in the Department's system upon their expiration or cancellation.

- Status: **Not Implemented.**

  The Department reported that cancellation requests are generated either manually by staff if the cancellation is before a lease/permit expiration date or automatically by its IT system on the lease/permit expiration date. Although the Department's November 2025 revised procedures require staff to verify that a mineral lease or permit has been closed before releasing a reclamation bond, the Department's

[6] After bringing this to the Department's attention in October 2026, the Department provided photos of its staff performing these inspections and reported it uploaded the photos to its IT system. However, the Department did not create inspection reports as required by policy and did not document the outcome of its reported inspections, such as if any ground disturbance had been reclaimed and if the associated reclamation bond could be released.

revised procedures do not establish a process for staff to close mineral leases and permits in the Department's IT system upon their expiration or cancellation. We will further assess the Department's implementation of this recommendation during our next followup.

11. A process for periodically ensuring that all active mineral and mineral material leases and permits have associated bonds that are accessible by the Department.

- Status: **Implementation in process.**

  As discussed in recommendation 8, in November 2025, the Department developed new policies and procedures for documenting reclamation bonds associated with mineral-related leases and permits that require staff to use reports generated in its IT system to identify mineral-related leases and permits without reclamation bonds. Additionally, the Department's accounting procedures for documenting bonds require staff to verify that bonds are still active on a periodic basis, such as by monthly reconciling the cash bond balance. However, although the Department reported its practice is to review these reports weekly, the Department's procedures do not specify the frequency with which staff should create and review these reports. We will further assess the Department's implementation of this recommendation during our next followup.

12. A required reclamation inspection for all mineral exploration permits or a process for determining and documenting when an inspection is not necessary.

- Status: **Implementation in process.**

  As discussed in recommendation 6, in November 2025, the Department revised its policies and procedures to require reclamation inspections of mineral-related permits, including mineral exploration permits, unless the permittee/lessee did not plan or conduct any ground-disturbing work. The revised policies and procedures also require Department staff to determine if a reclamation inspection is not required for a permit by reviewing the permit's records in its IT system to review if significant ground-disturbing activity occurred.[7] However, the Department's policies and procedures do not outline a process for staff to document when a reclamation inspection of a mineral exploration permit is not necessary. We will further assess the Department's implementation of this recommendation during our next followup.

[7] Department policies and procedures indicate that staff should review documentation such as lessee and permittee-submitted plans, correspondence, and work expenditures to determine if ground disturbing work occurred. For example, according to the Department's policies and procedures, a reclamation inspection of a mineral exploration permit would not be required if the work conducted involved soil sampling of a depth of less than 12 inches.

13. A process for periodically reviewing and updating policies and procedures to ensure that inspection guidance is consistent.

- Status: **Not implemented.**

  As of June 2026, the Department had not revised its reclamation inspection policies and procedures to include a process for periodically reviewing and updating its policies and procedures to ensure that inspection guidance is consistent. According to the Department, as of June 2026, it was in the process of creating monthly reports that would list the dates by which each policy and procedure should be reviewed by Department staff. The Department further reported that it intends to implement these reports by the end of calendar year 2026. We will assess the Department's implementation of this recommendation during our next followup.

Sunset factor 2: The Department's effectiveness and efficiency in fulfilling its key statutory objectives and purposes.

14. Identify and implement a solution to enter all outstanding State trust land records into the Geographic Information System (GIS).

- Status: **Implementation in process.**

  The Department held 2 internal meetings with staff responsible for maintaining the GIS in November 2025 and February 2026 to discuss solutions for entering its backlog of approximately 68,000 outstanding State trust land records into the GIS. Subsequently, as of June 2026, the Department had developed a priority order for types of records to digitize into the GIS and reported that it intended to enter outstanding State trust land records into the GIS by the end of December 2027. We will continue to assess the Department's efforts to identify and implement a solution to enter all outstanding State trust land records into the GIS in our next followup.

Develop and implement Department-wide policies and procedures for the billing of lessees and permittees that establish:

15. The assignment of responsibilities to each division that conducts billing, such as requirements to generate invoices.

- Status: **Implementation in process.**

  The Department has developed policies and procedures establishing each division's responsibilities for billing lessees and permittees and distributed those policies and procedures to its staff in those divisions in April 2026. According to the Department's policies and procedures, each division is responsible for ensuring its IT system billing statement creation requests are accurate and complete, and the Department's accounting division will print and prepare billing statements at least 30 days prior to an invoice's due date, notifying and assisting the divisions if billing errors occur. Additionally, the Department's policies and procedures require all billing statements to be provided to customers at least 30 days before the invoice

due date. However, the Department's policies and procedures that establish these time frames do not consider the time needed to deliver the billing statement to the customer. We will assess the Department's implementation of its policies and procedures for billing lessees and permittees during our next followup.

16. A process for sending billing statements for the amount due on a timely basis.

- Status: **Implementation in process.**

  See explanation for recommendation 15.

17. A process for depositing cash received by the end of the business day if it totals $1,000 or more.

- Status: **Implementation in process.**

  The Department developed Department-wide policies and procedures for billing lessees and permittees that include a process for depositing all checks, and cash totaling $100 or more, by the end of the business day it was received.[8] However, our review of a judgmental sample of 4 different days between November and December 2025 of check deposits for payments with totals over $100 found that the Department had not deposited all checks it received by the end of the business day for 3 of 4 days we reviewed. According to the Department, it untimely deposited checks of $51,200, $250, and $150 for these 3 days, respectively. According to Department documentation, the $51,200 check was deposited in 2 business days and the $150 check was deposited in 4 business days; however, the Department did not provide documentation that indicated when the $250 check was deposited. The Department reported that incoming mail is received in the afternoon, leaving limited time for Department staff to review the payment, verify the purpose of the payment, and ensure applications are complete prior to depositing the checks. The Department reported that it does not have and does not intend to develop any further controls to address this issue. We will continue to assess the Department's implementation of this recommendation during our next followup.

18. Develop policies and procedures for the well-inspection program that include well-inspection goals and the prioritization process for which wells to inspect, in accordance with the goals.

- Status: **Implemented at 12 months.**

  As of April 2026, the Department had developed policies and procedures for its well-inspection program that included well-inspection goals and a prioritization process for which wells to inspect. According to these policies and procedures, the Department's well-inspection program goals are to ensure all wells are in compliance with the Department's lease and/or permit terms and statutes and

[8] The SAAM requires the Department to deposit cash totaling $1,000 or more, including checks, with the State Treasurer by the end of the business day.

rules administered by the Arizona Department of Water Resources. Additionally, its goals ensure the Department's records and database are current and complete, consistent with its fiscal year 2025 through fiscal year 2029 strategic plan goal metric to improve the management of groundwater in transportation basins through well inspections. Finally, the Department's policies and procedures outline a process for prioritizing its well inspections and how often they should be inspected. For example, in accordance with its well-inspection program goals, open wells are the highest priority for inspections to ensure the wells are properly capped or abandoned, in accordance with the Department's lease and/or permit terms.

19. Develop and implement policies and procedures for travel reimbursements that require staff to provide itemized receipts and calculate mileage in accordance with the SAAM to support that reimbursements are within the SAAM-allowable limits.

- Status: **Implementation in process.**

  As of February 2026, the Department has developed policies and procedures for travel reimbursements that require staff to provide receipts and calculate mileage, in accordance with SAAM, to support that reimbursements are within the SAAM-allowable limits. Because the Department reported it had provided training on its travel-reimbursement policies and procedures in October 2026 and anticipated completing additional training in November 2026 (see recommendation 20 for more information on the Department's travel reimbursement training), we will assess the Department's implementation of its travel-reimbursement policies and procedures during our next followup.

20. Train staff who use purchasing cards and central travel accounts and submit travel reimbursements, and supervisory staff responsible for reviewing related transactions and reimbursements on a periodic basis, to ensure that these transactions and reimbursements comply with the SAAM and Department policies and procedures, and have staff and supervisors acknowledge understanding of the policies and procedures.

- Status: **Implementation in process.**

  As of October 2026, the Department had developed training materials on its travel-reimbursement policies and procedures that instruct staff to obtain management approval before arranging travel and to submit travel claim forms for reimbursable travel expenses. The Department provided training on its travel-reimbursement policies and procedures in October 2026 and reported that it intended to provide additional training in November 2026. As of October 2026, the Department had developed draft revisions to its purchasing card policy, but it had not yet developed training materials on its purchasing card policies and procedures.[9] We will further assess the Department's implementation of this recommendation during our next followup.

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[9] According to the Department, as of October 2026, the purchasing card policy was provided to and discussed with all staff authorized to use purchasing cards.

21. Discontinue the use of prohibited funds to pay for employee-recognition expenditures and instead use only funds allowed by the SAAM and State law.

- Status: **Implemented at 12 months.**

  Our review of a judgmental sample of 14 of 94 purchasing card transactions the Department made from July 2025 through March 2026 found that 6 of 14 transactions were purchases associated with employee-recognition activities, such as goods for employee recognition parties and employee recognition fundraisers.[10] Our review found that all 6 transactions we reviewed were made using the Department's employee-recognition fund, in accordance with the SAAM and State law. The Department's policy for employee recognition indicates that monies for the fund will come from fundraising efforts and donations.[11] According to Department data, as of October 2026, the Department had deposited $311 into its employee recognition fund from fundraising events in fiscal year 2027.

22. Conduct a review to identify all expenditures for employee-recognition purposes paid for using monies from prohibited funds in addition to the 10 transactions we identified and, in consultation with its Assistant Attorney General, determine whether and how to seek reimbursement from employees and/or reimburse the prohibited funds, such as the State General Fund and Trust Land Management Fund, and take any actions as decided.

- Status: **Implementation in process.**

  As of February 2026, the Department conducted a review to identify all expenditures from fiscal years 2023 through 2025 for employee-recognition purposes paid for using monies from prohibited funds. Through its review, the Department identified 5 transactions for employee-recognition purposes paid for using monies from prohibited funds in addition to the 10 transactions we identified in our performance audit and sunset review of the Department. The Department determined that the Trust Land Management Fund should be reimbursed $3,328.34 for the 15 transactions we and it identified. The Department reported that, in consultation with its Assistant Attorney General, it determined it will fully reimburse the Trust Land Management Fund by annually using 20% of the Department's employee-recognition fund fiscal year-end balance. The Department made its first transfer from its employee-recognition fund at the end of fiscal year 2026, but reported it does not have an estimated time frame for fully reimbursing the Trust Land Management Fund because of limited monies in its employee-recognition fund. We will continue to assess the Department's implementation of this recommendation during our next followup.

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[10] We reviewed the merchants of all 94 purchasing card transactions the Department made from July 2025 through March 2026 and selected 14 transactions for review based on the risk of employee-recognition purchases being purchased from that merchant.

[11] The Department reported that its leadership approves fundraising events before they occur to ensure they comply with the SAAM requirements.

23. Develop and implement an employee-recognition policy that requires staff to use only the Department's employee-recognition fund to pay for employee-recognition expenditures and outlines the factors to be used for decisions regarding employee-recognition reward distributions and the required documentation to demonstrate the public purpose of employee-recognition expenditures.

- Status: **Implementation in process.**

  As of February 2026, the Department had developed an employee-recognition policy that outlined approved and prohibited uses of the Department's employee-recognition fund. For example, the policy outlines factors to be used for decisions regarding employee-recognition reward distributions, such as only distributing employee-recognition rewards for achievement, performance, longevity, or retirement. However, the Department's policy does not explicitly require staff to only use the Department's employee-recognition fund to pay for employee-recognition expenditures or outline the required documentation to demonstrate the public purpose of employee-recognition expenditures. We will further assess the Department's development and implementation of its employee-recognition policy in our next followup.

Develop and implement policies and procedures to help ensure compliance with the SAAM requirements for gift cards that establish:

24. A process for documenting the distribution of gift cards on a log or equivalent record.

- Status: **Implemented in a different manner at 12 months.**

  In January 2026, the Department developed policies and procedures that established a process for documenting the distribution of gift cards on a gift card log, in accordance with the SAAM's requirements for gift cards, including requiring staff to record each gift card's amount, type, and recipient, performing monthly reconciliation of gift cards, and requiring gift cards to be reported as taxable income. Additionally, the Department reported it ceased using gift cards for employee recognition in January 2026 and does not plan to purchase and distribute gift cards going forward.

25. A process for performing monthly reconciliations of gift cards to the gift card logs.

- Status: **Implemented in a different manner at 12 months.**

  See explanation for recommendation 24.

26. A process for reporting gift card awards as taxable income.

- Status: **Implemented in a different manner at 12 months.**

  See explanation for recommendation 24.

27. Develop and implement a written plan that outlines key steps it will take to develop and implement all required IT security procedures in line with Arizona Department of Homeland Security (ADOHS) requirements, including outlining associated completion deadlines and assigned staff responsibilities.

- Status: **Implementation in process.**

  The Department developed a written plan that outlines key steps it will take to develop and implement all ADOHS required IT security procedures, including outlining the associated completion deadlines and assigned staff responsibilities. The plan includes steps to review ADOHS' IT security policies, document any Department deficiencies identified, develop a corrective action plan to correct the deficiencies, and implement the required IT security procedures. Although the Department's written plan included a target completion date of January 2026 for documenting its deficiencies and assigning staff to address these deficiencies, as of October 2026, the Department reported it had reviewed its IT security procedures but was still in the process of developing a corrective action plan to correct deficiencies it identified in its IT security procedures and implement those procedures. We will continue to assess the Department's implementation of this recommendation during our next followup.

28. If the Department believes that statutory changes are needed to remove the requirement for the Urban Land Planning Oversight Committee to review its use and disposition plans, it should work with the Governor's Office to seek approval to pursue statutory changes and, if approved, work with the Legislature to modify statute accordingly.

- Status: **Implemented at 12 months.**

  The Department reported that it worked with the Legislature on the statutory changes made by Laws 2026, Ch. 224, §19, which repealed the statutory requirement for the Department to submit conceptual land use plans and 5-year disposition plans to the Committee for review. As a result of these statutory changes, the Committee no longer has a role in reviewing the Department's conceptual land use plans and 5-year disposition plans.

29. If statutory changes are not enacted pursuant to recommendation 28, work with the Governor's Office to fill the vacancies on the Urban Land Planning Oversight Committee to ensure that the Committee can review the Department's use and disposition plans for State trust land as required by statute.

- Status: **No longer applicable.**

  See explanation for recommendation 28.

Sunset factor 3: The extent to which the Department's key statutory objectives and purposes duplicate the objectives and purposes of other governmental agencies or private enterprises.

30. If the Department believes that statutory changes are needed to remove the requirement to develop conceptual land use plans for urban State trust land, it should work with the Legislature to modify statute.

- Status: **No longer applicable.**

  In July 2026, the Department reported it no longer intends to pursue statutory changes to remove the requirement to develop conceptual land use plans for urban State trust land because the statutory changes made by Laws 2026, Ch. 224, §25, require the Department to develop conceptual land use plans by September 2028. The Department reported it plans to comply with this requirement.

31. If statutory changes are not enacted pursuant to recommendation 30, develop conceptual land use plans for urban State trust land and consult with the city, town, or county (local entity) where the land is located regarding integrating the use plan into the local entity's general land use plan, as required by statute.

- Status: **Implementation in process.**

  As discussed in recommendation 30, statutory changes made by Laws 2026, Ch. 224, §25, require the Department to develop conceptual land use plans by September 2028, and the Department reported it plans to comply with this requirement. To help the Department identify the appropriate uses and infrastructure requirements for urban State trust land, according to Department data, as of February 2026, the Department determined the designated uses of approximately 2,368,000 of 2,369,000 (99%) acres of urban State trust land. As discussed in recommendation 1, in June 2026, the Department entered into an ISA with ASU to develop a model to support the preparation of its 5-year disposition plan. Although Department documentation from March 2026 indicated that the Department also considered developing a model to support the development of its conceptual land use plans, the ISA's scope of work does not include conceptual land use planning as a use for the model.[12] The Department did not provide any additional documentation demonstrating that it has made progress toward developing conceptual land use plans for urban State trust land. We will further assess the Department's implementation of this recommendation during a future followup.

32. Continue to work with the State Mine Inspector to finalize its draft memorandum of understanding.

- Status: **Implementation in process.**

  In November 2025, the Department met with the State Mine Inspector's Office to discuss its draft memorandum of understanding. However, as of October 2026, the Department

[12] The ISA scope of work indicates that Department conceptual land use plans will be used in the model as criteria to support disposition planning.

reported it had not yet finalized the memorandum of understanding because it had not yet received feedback from the State Mine Inspector. We will further assess the Department's implementation of this recommendation during our next followup.

Sunset factor 4: The extent to which rules adopted by the Department are consistent with the legislative mandate.

33. Adopt rules as required by A.R.S. §§37-107, 37-604, and 37-615. If the Department believes the rules are not necessary, it should work with the Legislature to modify statute to remove the rulemaking requirements.

- Status: **Implementation in process.**

  As of January 2026, the Department developed a draft rulemaking plan to adopt rules as required by A.R.S. §§37-107, 37-604, and 37-615. However, the Department's plan does not include specific language for the anticipated rule amendments nor an anticipated date for completing the rulemaking. The Department reported it plans to present draft rule language to stakeholders by the end of calendar year 2026 and will initiate the rulemaking process after its stakeholder presentation. We will assess the Department's implementation of this recommendation during our next followup.

34. Continue its process-improvement project to amend the rules it identified as inconsistent with statute.

- Status: **Not Implemented.**

  As discussed in our performance audit and sunset review, the Department's 5-year review reports submitted to GRRC between October 2023 and April 2024 identified 23 rules that were inconsistent with statute, 16 of which the Department had not yet amended as of May 2025. Although the Department reported in May 2025 that it planned to amend 1 of the 16 rules by fall 2025, as of July 2026, the Department reported it has not taken steps to amend this rule due to limited staffing and competing staff priorities. Instead, as discussed in recommendation 33, the Department reported it plans to present its draft rules to stakeholders for this 1 rule and other rules required by statute by the end of calendar year 2026 and will initiate the rulemaking process after its stakeholder presentation.

  For the remaining 15 rules identified as inconsistent with statute, the Department reported it still plans to amend the rules by December 2027 but reported it has delayed drafting rule amendments because industry stakeholders intend to pursue statutory changes that could impact its rule amendments. We will assess the Department's implementation of this recommendation during our next followup.

Sunset factor 5: The extent to which the Department has provided appropriate public access to records, meetings, and rulemakings, including soliciting public input in making rules and decisions.

Comply with open meeting law requirements, including:

35. Ensuring that meeting minutes and recordings include all elements required by statute, including meeting location and date, as well as the name of individuals who propose a motion.

- Status: **Implemented at 12 months.**

  Our review of the Department's November and December 2025 Board of Appeals (Board) meetings and March 2026 Arizona Geographic Information Council (Council) meeting found that the meeting minutes or recordings included all statutory elements, such as the meeting location, date, and the name of individuals who proposed motions. Additionally, our review found that the agenda for each meeting included specific matters to be discussed, considered, or decided, and the Board and Council followed the agenda for the meetings we reviewed.

36. Ensuring all actions are properly agendized and that meetings follow the agenda.

- Status: **Implemented at 12 months.**

  See explanation for recommendation 35.

37. Consult with its Assistant Attorney General to determine whether any actions should be taken regarding the Council's vote to dissolve its Public Safety Committee and implement any needed actions.

- Status: **Implemented at 12 months.**

  The Department determined that the Council needed to redo its vote to dissolve its Public Safety Committee. During its March 2026 meeting, the Council re-agendized and passed a motion to dissolve its Public Safety Committee.

38. Develop and/or update and implement open meeting law policies and procedures for the Board and the Council to help ensure their compliance with open meeting law requirements.

- Status: **Implemented at 12 months.**

  In February 2026, the Department developed and implemented policies and procedures to help ensure its Board and Council comply with open meeting law requirements, including procedures for ensuring the meeting location, date, and names of individuals who propose motions are included in meeting minutes and recordings. As mentioned in recommendation 35, our review of Board and Council meetings found they were compliant with open meeting law requirements we reviewed.

39. Post the email of an employee or section that is authorized to respond to public records requests on its website, as required by statute.

- Status: **Implemented at 12 months.**

  As of July 2026, the Department had posted an email address on its website for the section authorized to respond to public records requests, as required by statute.

40. Review all open public records requests and determine the appropriate response to each open request.

- Status: **Implemented at 12 months.**

  The Department held 4 meetings with staff in October 2025 during which it reported it reviewed open public records requests received between September 1, 2022 and September 1, 2024, to determine an appropriate response to those open requests. According to Department-provided data, from September 1, 2022 to September 1, 2024, it received 1,374 public records requests, and as of August 2026, 1,370 of 1,374 public records requests were closed. Of the 4 remaining open public records requests received between September 1, 2022 and September 1, 2024, the Department has left 2 open due to the requestor asking for the Department to provide additional information on an ongoing basis. The requestors of the remaining 2 open requests determined that the Department's initial response was incomplete, and the Department reported it is reworking these requests and plans to complete them by the end of calendar year 2026.

Update and implement its public records law policies and procedures to help ensure it complies with public records law, including:

41. Documenting its determination of the appropriate response to open public records requests.

- Status: **Implementation in process.**

  As of January 2026, the Department had developed draft revisions to its public records law policies and procedures to help ensure it complies with public records law. The draft revisions to its policies and procedures outline steps for staff to provide requestors with an acknowledgment of the Department's receipt of their request and to document the Department's determination of the appropriate response to open requests using case notes in its IT system. However, as of August 2026, the Department reported it has not finalized its revised policies and procedures because it is evaluating the impact the updates will have on its IT system, but reported it anticipates finalizing its policies and procedures by the end of calendar year 2026. We will continue to assess the Department's implementation of this recommendation during our next followup.

42. Providing an anticipated date for completing public records requests.

- Status: **Not implemented.**

  Although the Department's draft revisions to its policies and procedures include steps for Department staff to communicate delays in providing records to the requesting party, they do not include time frames for completing public records requests nor include steps for providing requestors with an anticipated date for completing public records requests. We will continue to assess the Department's implementation of this recommendation during our next followup.

43. Providing an index of records or categories of confidential records that were withheld when requested.

- Status: **Implementation in process.**

  The Department developed draft revisions to its public records law policies and procedures, including a requirement for staff to, if requested, complete and provide an index of records or categories of confidential records that have been withheld from a request. The Department also developed a template records index that includes fields for staff to enter information about the records that were withheld, including a description of the document and a reason why it was withheld. However, as discussed in recommendation 41, as of August 2026, the Department reported it had not finalized the updates to its policies and procedures but planned to do so by the end of calendar year 2026. We will continue to assess the Department's implementation of this recommendation during our next followup.

Sunset factor 8: The extent to which the Department has established safeguards against possible conflicts of interest.

44. Ensure staff complete conflict-of-interest disclosure forms upon hire and annually, as required by Department policy.

- Status: **Implementation in process.**

  In February 2026, the Department sent an email to all its staff requiring them to update their conflict-of-interest disclosure forms. According to Department data, as of April 2026, all 103 Department employees, including 2 new hires, had completed a conflict-of-interest disclosure form, as required by Department policy. Because not enough time has passed to evaluate whether the Department has ensured staff complete conflict-of-interest disclosure forms annually, we will further assess the implementation of this recommendation, including the annual update of conflict-of-interest disclosure forms, during our next followup.

45. Ensure all staff complete updated conflict-of-interest disclosure forms that address all State requirements and recommended practices.

- Status: **Implemented at 12 months.**

  As discussed in recommendation 44, in February 2026, the Department sent an email to its staff requiring them to update their conflict-of-interest disclosure forms, and as of April 2026, all Department staff have completed a disclosure form. Our review of a sample of completed disclosure forms for 12 of 103 Department staff employed as of April 2026 found that all 12 employees completed a form that addressed State requirements and recommended practices, including fields to disclose whether employees had any substantial decision-making or financial interests and outside employment and an "affirmative no" attestation.[13]

46. Establish a special file available for public inspection and store all substantial interest disclosures in it.

- Status: **Implemented at 12 months.**

  As of April 2026, the Department has established a special file for public inspection and stored substantial interest disclosures it received in calendar year 2026 in the file. Specifically, our review of the Department's special file identified that the Department stored 3 disclosure forms that it identified as including substantial interest disclosures.

Update and implement Board conflict-of-interest disclosure policies and procedures to help ensure compliance with State conflict-of-interest requirements and recommended practices, including:

47. Requiring Board members to complete a conflict-of-interest disclosure form upon appointment and reminding them at least annually to update their form when their circumstances change, including attesting that no conflicts exist, if applicable.

- Status: **Implementation in process.**

  In August 2026, the Department finalized revisions to its Board and Council conflict-of-interest policies and procedures to require Board and Council members to complete a conflict-of-interest disclosure form upon appointment, review their disclosure forms annually, and update their disclosure forms when their circumstances change. Because the Department recently finalized revisions to these policies and procedures and not enough time has passed to evaluate their implementation, we will further assess the Department's implementation of its conflict-of-interest policies and procedures during our next followup.

[13] Department employees completed the June 2020 Arizona Department of Administration disclosure form, which is aligned with recommended practices and statutory requirements.

48. Requiring Board members to publicly disclose conflicts of interest when refraining from participating in meeting decisions, consistent with recommended practice.

- Status: **Implementation in process.**

  As discussed in recommendation 48, in August 2026, the Department finalized revisions to its Board and Council conflict-of-interest policies and procedures. These revisions require Board and Council members to refrain from voting upon or otherwise participating in meeting decisions when they have a substantial interest and to publicly disclose any conflicts of interest when refraining from participating in those meeting decisions, consistent with recommended practices. Because the Department recently finalized revisions to these policies and procedures and not enough time has passed to evaluate their implementation, we will further assess the Department's implementation of its conflict-of-interest policies and procedures during our next followup.

Develop and implement Council conflict-of-interest disclosure policies and procedures to help ensure compliance with State conflict-of-interest requirements and recommended practices, including:

49. Requiring Council members to complete a conflict-of-interest disclosure form upon appointment and reminding them at least annually to update their form when their circumstances change, including attesting that no conflicts exist, if applicable.

- Status: **Implementation in process.**

  See explanation for recommendation 47.

50. Requiring Council members to publicly disclose conflicts of interest when refraining from participating in meeting decisions, consistent with recommended practice.

- Status: **Implementation in process.**

  See explanation for recommendation 48.

51. Develop and provide periodic training on its conflict-of-interest requirements, process, and disclosure form, including providing training to employees, Board members, and Council members on how the State's conflict-of-interest requirements relate to their unique programs, functions, or responsibilities.

- Status: **Implementation in process.**

  The Department developed training on its conflict-of-interest requirements for its employees, Board members, and Council members including information on how the State's conflict-of-interest requirements relate to their unique programs, functions, and responsibilities. The Department reported that, as of March 2026, all Department employees, 4 of 5 Board members, and 9 of 26 Council members had completed the training. Additionally, in August 2026, the Department finalized its policies and procedures requiring all Department employees, Board members, and Council

members to complete training at least annually on its conflict-of-interest requirements. Because the Department recently finalized these policies and procedures and not enough time has passed to evaluate their implementation, we will continue to assess the Department's implementation of this recommendation during our next followup.

Joint Legislative Audit Committee required information regarding certain Department State trust land sales

After we issued the audit, during a December 8, 2025, public meeting, several Joint Legislative Audit Committee (JLAC) members raised questions regarding a November 2020 State trust land sale auction (Superstition Vistas auction) in Pinal County.

The Superstition Vistas auction was for an applicant-driven sale of 2,783 acres of State trust land for a master-planned community in Pinal County, and the Department required potential bidders to meet specific, Department-established qualifications to bid at the auction, such as meeting net-worth thresholds and having experience developing master-planned communities. According to auction documentation, a total of 118 bids were placed by 4 bidders, and the Superstition Vistas auction's winning bid was $245,500,000, approximately $177 million, or 260% more than the appraised value of the land (see Table 1, page 25, for more information about each of the land sales we reviewed).

During the December 2025 JLAC meeting, JLAC members had various questions about the transparency and consistency of the Department's State trust land sale process as it related to the Superstition Vistas auction, including: how the Superstition Vistas auction compared to other auctions completed since 2023 under the tenure of the Department's current State Land Commissioner, why additional bidder qualifications were added to the Superstition Vistas auction, whether the Department would add additional bidder qualifications to auctions in the future, and why State trust lands appear to be appraised at far below what they are actually worth.

Based on this discussion, JLAC directed us to compare the Superstition Vistas auction to at least 1 auction that occurred between calendar years 2023 and 2025 that did not have multiple bidders or that had unique circumstances, such as constraints on bidders, and to auctions completed after our audit was issued in July 2025.

Consistent with JLAC's direction, we conducted the following work:

- **Asked the Department under what circumstances would it include additional conditions that potential buyers must meet to bid in a State trust land sale auction**

  The Department reported that it may require additional qualifications when the bidder would need to install significant infrastructure on the land. According to the Department, it contracts with outside consultants to determine what qualifications would be necessary to ensure that the winning bidder is capable of developing the land. The Department reported a winning bidder may be required to install infrastructure, such as a waste water treatment plant, housing development, or roads, on State trust land sold at auction depending on how the land was zoned, which is determined by the city or town in conjunction with the Department and/or the applicant, and could also involve multiple other parties. According

to the Department, including additional qualifications, such as the years of experience of key individuals that would be involved in the project, the entity's experience developing projects with similar infrastructure needs and costs, and evidence of the entity's capability to finance projects of a similar size, helps the Department ensure that the bidder can install the required infrastructure to meet the expected purpose of the land (see pages 23 through 24 for examples of additional qualifications required for 2 auctions we reviewed). Further, the Department reported that if a successful bidder fails to meet these additional qualifications, then long-term returns to the Trust from the land as well as the value of surrounding State trust land may suffer.

As previously discussed (see page 4), requiring bidders to meet additional qualifications without proactively and transparently planning for the sale of the land and informing the public of its intended uses using a 5-year disposition plan could lead to concerns that the additional qualifications were intended or designed to favor a particular pre-selected bidder, most notably when the land sale was applicant-driven.

- **Reviewed the Superstition Vistas auction of State trust land in Pinal County, including why it had additional bidder qualifications**

  The Department required potential bidders in the Superstition Vistas auction to meet specific, Department-established qualifications to bid at the auction. Specifically, the Department required bidders to have relevant experience developing a master-planned community of at least 1,000 acres and provide examples of master-planned communities they developed that required infrastructure installation of at least $50 million in cost and included at least 2,000 completed and sold residential lots to qualify to bid. The Department's auction notice for the Superstition Vistas auction indicated that these additional qualifications were necessary because the Department had an interest in ensuring bidders had the financial ability and experience to develop a master-planned residential community, which was the planned purpose for the land.

- **Reviewed whether any auctions that have occurred since our July 2025 audit included additional bidder qualifications**

  We reviewed publicly available auction documentation from all 24 State trust land sale auctions the Department held after we issued our audit in July 2025 through October 2026, and we did not identify any auctions that required bidders to meet additional qualifications in order to place bids or that included requirements for the winning bidder to install significant infrastructure on the land.

- **Asked whether the Department was aware of any other auctions that have occurred that included additional bidder qualifications, including the reasons why there were additional bidder qualifications**

  We asked the Department for a listing of any auctions during which it required bidders to meet additional qualifications, including during the tenure of the current State Land Commissioner. The Department identified 1 auction, a May 2024 State trust land auction (Biscuit Flats auction), that included additional bidder qualifications.

The Biscuit Flats auction involved the sale of 2,340.5 acres of State trust land in Maricopa County intended for a combination of residential, industrial, office, and/or retail uses. According to the Department's public notice for this auction, the winning bidder would be required to install an estimated $1 billion in infrastructure on the land. Similar to the Superstition Vistas auction notice, the Department's auction notice for the Biscuit Flats auction indicated that the additional bidder qualifications were necessary because the Department had an interest in ensuring bidders had the financial ability and experience to develop the planned infrastructure on the land.

- **Compared the Superstition Vistas auction to the only other auction identified as including additional bidder qualifications, Biscuit Flats**

  We compared the additional qualifications for the Superstition Vistas and Biscuit Flats auctions and found that they included generally similar additional qualifications for potential bidders to meet to place bids, including requirements for providing examples and evidence of previous involvement in infrastructure projects similar to the planned purpose of the land.[14,15] According to the Department's auction notices, bidders were required to submit a bidder qualification form to the Department to demonstrate their qualifications for both auctions.

  Although we found these 2 auctions to be similar in requiring additional qualifications, the Superstition Vistas auction had 118 bids across 4 bidders, and a winning bid that exceeded the appraised value of the land by 260%, whereas the Biscuit Flats auction had 1 bid and bidder, and a winning bid equal to the appraised value of the land (see Table 1, page 25, for more information about each of the land sales we reviewed).

- **Compared the Superstition Vistas auction to 2 auctions completed after our audit was issued**

  In addition to comparing the Superstition Vistas auction to the other auction identified by the Department as involving additional qualifications, we compared it to the 2 most recent land sale auctions conducted by the Department as of January 10, 2026 (see Table 1, page 25, for more information about each of the land sales we reviewed). Our review identified some differences between the Superstition Vistas auction and our 2 judgmentally selected auctions. Most notably, we did not identify any additional bidder qualifications for the 2 judgmentally selected auctions. Further, the Superstition Vistas auction was the only auction we reviewed with more than 1 bidder and a winning bid higher than the appraised value of the land. Additionally, the planned purposes of the land for the 2 judgmentally

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14 The Superstition Vistas auction occurred under the previous State Land Commissioner Lisa Atkins, and the Biscuit Flats auction occurred under current State Land Commissioner Robyn Sahid.

15 For the Superstition Vistas auction, the Department required prospective bidders to provide examples and evidence of master-planned communities of a minimum acreage and housing units they had an active role in developing to qualify to bid. For the Biscuit Flats auction, to qualify to bid, the Department required potential bidders to provide evidence of at least 3 relevant examples of large-scale development projects and operating experience in the United States, involving successfully planning, entitling, and (1) funding infrastructure of at least $100 million in cost in a single-phase or multi-phase land development project and/or (2) funding the development of industrial, office, retail, or multi-family residential uses in cost or value of at least $400 million, and that key individuals of the bidder entity must have at least 10 years of demonstrated experience in the real estate development business in the United States. As previously discussed, according to the Department's public notice for this auction, the winning bidder would be required to install an estimated $1 billion in infrastructure on the land. The Department posted bidder qualification questionnaires on its website for both auctions establishing the additional bidder qualification requirements. As of November 2026, the bidder qualification questionnaires for the Superstition Vistas and Biscuit Flats auctions were available on the Department's public website at https://land.az.gov/sites/default/files/media/53-120190_bidpkg_3.pdf and https://land.az.gov/sites/default/files/2024-01/Bidder%20Qualification%20Questionnaire.pdf

Table 1

Department required bidders to meet additional qualifications in 2 of 4 auctions we reviewed

	Auctions			
Auction details	Superstition Vistas	Biscuit Flats	City of Phoenix	TSMC
Auction number	53-120190	53-123709	53-124657	53-126033
Date	November 2020	May 2024	November 2025	January 2026
County	Pinal	Maricopa	Maricopa	Maricopa
Acreage	2,783 acres	2,341 acres	159 acres	903 acres
Proposed use	Residential	Mixed-use	Recreational	Industrial
Appraised value	$68 million	$56.28 million	$11.9 million	$197.3 million
Winning bid	$245.5 million	$56.28 million	$11.9 million	$197.3 million
Number of bidders	4	1	1	1
Additional bidder qualifications	Yes	Yes	No	No
Land sale initiated by	Applicant	Applicant	Applicant	Applicant

Source: Auditor General staff review of the Department's auction documentation.

selected auctions were not related to master-planned residential communities, but rather for recreational and industrial purposes, respectively. However, our review did not identify any further documented differences in the Department's processes for these auctions. For example, for the Superstition Vistas auction and both judgmentally selected auctions we reviewed, an appraisal of the land was completed by an appraiser independent of the Department, the Department provided public notice of the auction, and the auctions were open to the public.

Asked whether the Department plans to conduct auctions with additional qualifications in the future

The Department reported that it may conduct auctions in the future where it will place additional restrictions or requirements on bidders and will do so on a case-by-case basis where the scale of infrastructure required to develop the land warrants these additional restrictions or requirements.

However, as discussed in recommendation 3, as of October 2026, the Department lacks guidance for staff regarding if and when to add additional bidder qualification requirements in order to qualify to place bids at an auction of State trust land.

- **Asked the Department to explain why State trust lands appear to be appraised at far below what they are actually worth**

  According to the Department, the appraised value of the land is the objective, true-market value of the land as it is at the time of the appraisal, and it is determined by an appraiser independent of the Department and approved by the Board of Appeals. The Department reported that the actual sale price may exceed the appraised value of the land when there are multiple bidders, depending on what the bidders are willing to pay based on their own calculations and business decisions. However, as we reported in our 2025 audit, most State trust land auctions we reviewed only had 1 bidder and a winning bid equal to the appraised value of the land.

The questions and concerns posed by JLAC members regarding the Superstition Vistas auction, including the transparency of the auction's bidder qualifications, its consistency with other auctions, and whether the land was appraised below its actual value, highlight the importance of the Department taking steps to address the recommendations from Finding 1 of our July 2025 audit. Specifically, these recommendations are intended to address risks that the Department's decisions to sell State trust land without a 5-year disposition plan lack transparency and that the Department will have difficulty demonstrating the highest and best use of the land for trust beneficiaries (see recommendations 1 through 4 for more information about the Department's statuses in implementing our recommendations). For example, statute requires the Department's disposition plan to identify the State trust land projected to be sold, leased, reclassified for conservation purposes, master planned, or zoned during the next 5 years. As a result, if the Department had developed a disposition plan as required, its plan should have included the master-planned land for the Superstition Vistas auction, increasing the transparency of the auction for that land. As discussed in recommendations 1 through 4, the Department was in the process of implementing 3 recommendations from Finding 1, but had not yet begun implementing 1 of the recommendations.