



AUDIT HIGHLIGHTS

E-Verify Compliance During FY 2021/22

March 7, 2023

Audit No. 2302

WHY WE DID THIS AUDIT

This audit was included on the Council-approved FY 2022/23 Audit Plan to confirm whether selected City contractors and their subcontractors use the E-Verify program to verify employment eligibility of those working on city contracts. The City is required by Arizona Revised Statute (A.R.S.) §41-4401 to check contractor and subcontractor compliance.

BACKGROUND

Since 2010, after the state's Legal Arizona Workers Act (LAWA) went into effect, the City Auditor's Office has periodically audited selected City contractors' compliance with the required use of the federal E-Verify system. The state law provides that every Arizona government entity that enters into a service contract is required to establish procedures to conduct random verifications to ensure its contractors and their subcontractors comply with required use of the E-Verify employment eligibility program.

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WHAT WE FOUND

The selected City contractors and subcontractors are generally using the E-Verify program for their workers on City of Scottsdale contracts.

Auditors selected five contractors and two subcontractors for testing. Specifically, we found:

- The five selected contractors used E-Verify for the majority of their employees although one contractor could not provide the documentation for one employee who no longer works for the company. Another contractor provided verifications for all requested employees, but one form was dated after we contacted them for the audit.
- One selected subcontractor provided E-Verify documentation for all but one employee. The subcontractor stated that they were using manual processes at the time and were unable to find the document showing that the E-Verify system was used for that employee. They have since switched to a computer-based system and provided documentation for the other two employees that we selected.

WHAT WE RECOMMEND

We recommend that the Purchasing Department continue reminding contractors of the requirement to use the E-Verify employment eligibility system.

MANAGEMENT RESPONSE

The Purchasing Director responded that he will continue communicating the E-Verify requirements and coordinate with the applicable contract administrators to fulfill the recommendation.