



AUDIT HIGHLIGHTS

E-Verify Compliance During FY 2020/21

March 21, 2022

Audit No. 2202

WHY WE DID THIS AUDIT

This audit was included on the Council-approved FY 2021/22 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 now using the E-Verify program for their workers on City of Scottsdale contracts.

Auditors selected five contractors with City services contracts for testing. Three of the five selected contractors used subcontractors to perform work on their applicable contracts. Specifically, we found:

- Most of the selected contractors and subcontractors provided the required E-Verify documentation for the sampled employees.
- However, three contractors and seven subcontractors provided some E-Verify documentation that was dated after our audit request.
- Further, three subcontractors did not provide E-Verify documentation indicating the employment eligibility for one or two of their selected employees. Two of them did not provide any documentation for their selected employees.

WHAT WE RECOMMEND

We recommend the Purchasing Department work with the applicable Contract Administrators and the City Attorney's Office to follow up with the subcontractors that did not provide E-Verify documentation during the audit.

MANAGEMENT RESPONSE

The Purchasing Director responded that he will coordinate implementation of the recommendation and will continue communicating the E-Verify compliance requirements.