



AUDIT HIGHLIGHTS

E-Verify Compliance During FY 2022/23

April 29, 2024

Audit No. 2402

WHY WE DID THIS AUDIT

This audit was included on the Council-approved FY 2023/24 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 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 were using the E-Verify program for their workers but need to ensure that their subcontractors are also in compliance.

We selected five contractors and three of their subcontractors for review. Specifically, we found that while the contractors were using the E-Verify program, two of the three subcontractors had not used E-Verify for the employees we reviewed.

Table 1. E-Verify Compliance for Selected Service Contractors and Subcontractors.

	No. of Employees Reviewed	Reviewed Employees Hired After 12/31/2007	Confirmed Use of E-Verify
Contractors	19	16	16
Subcontractors	6	5	2
Total	25	21	18

WHAT WE RECOMMEND

We recommend that the Purchasing Department continue reminding contractors of the requirement to use the E-Verify employment eligibility system and their responsibility to ensure that subcontractors do as well.

MANAGEMENT RESPONSE

The department responded that they agree and will create a template for staff to remind contractors of the requirement to use the E-Verify system and to ensure that subcontractors do as well.