E-Verify Compliance

Audit No. 2505

WHY WE DID THIS AUDIT

An audit of E-Verify Compliance was included in the City Council-approved fiscal year (FY) 2024/25 Audit Plan. This is a regularly scheduled audit to confirm whether selected City contractors and their subcontractors are using the E-Verify program to verify employment eligibility of those working on City contracts, as required by Arizona law.

BACKGROUND

The City is required by state law to conduct random verification of the employment records of its service contractors to ensure compliance with required use of the E-Verify employment eligibility program.

To meet this legal requirement, the City Auditor's Office has periodically audited selected vendors' compliance with the required use of the federal E-Verify system. E-Verify is a web-based application that allows any US employer to electronically confirm the employment eligibility of its newly hired employees. These requirements are also detailed in City contracts.
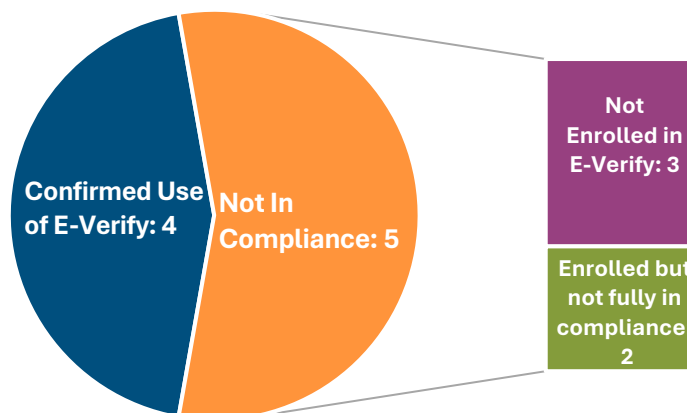
WHAT WE FOUND

Several selected City contractors and subcontractors were not enrolled in the E-Verify program and did not use it to verify employment eligibility.

Of the 9 contractors and subcontractors reviewed, we found 5 had not fully complied with the requirement to use E-Verify as shown in Figure 1.

Figure 1. E-Verify compliance for selected service contractors and subcontractors.

- The three contractors and subcontractors that were not previously enrolled in E-Verify are now registered and indicated they would be using the system going forward.
- Two others were enrolled but did not provide E-Verify documentation for one or more employees selected for review.

Failure to comply with the E-Verify requirement may subject a contractor to penalties up to and including termination for breach of City contract. We notified the contractors, City contract administrators, and Purchasing department of the identified noncompliance.

WHAT WE RECOMMEND

Because employers must be enrolled in the program before they can use it, the Purchasing department should require contractors to confirm enrollment in the E-Verify program during the procurement process.

Management Response:
The department agreed with the recommendation and will require this information in all solicitations and procurements.