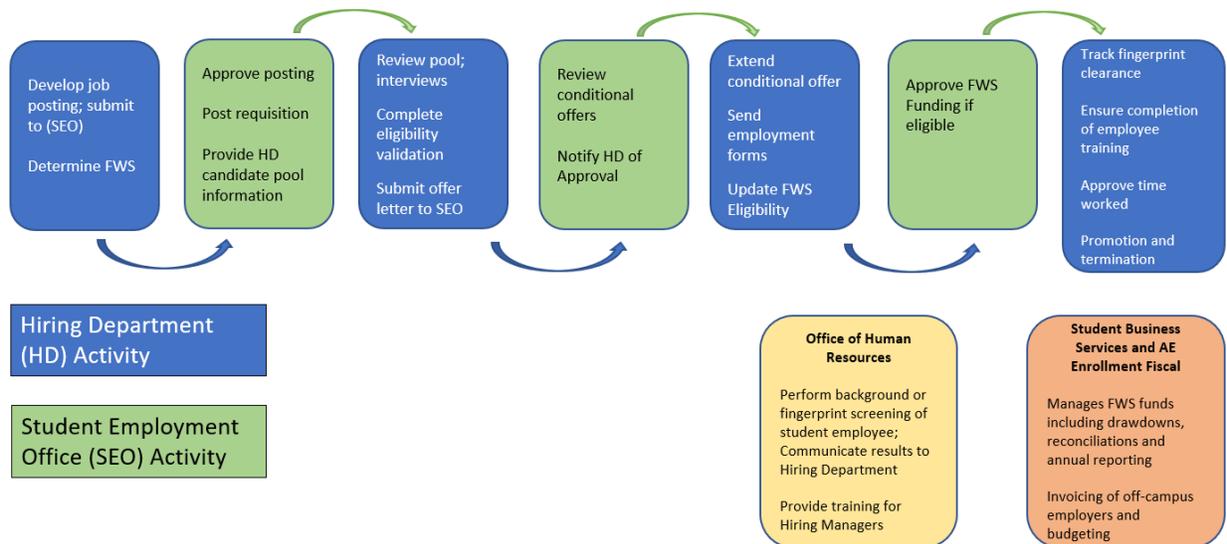


**Arizona State University
Office of University Audits
Student Employment Audit
05/02/2022**

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Student Employment Audit
May 2, 2022

Summary: The Student Employment Audit was included in the Arizona State University (ASU) FY 2022 audit plan approved by the Arizona Board of Regents (ABOR) Audit Committee and ASU Senior Leadership. The audit focused on the administrative, operational and financial controls related to hourly student employment. This audit is in support of ASU’s mission of effective management of financial and human resources, and helping students thrive.

Background: ASU’s Student Employment program provides eligible students with part-time employment opportunities on and off-campus, which may be partially or fully funded by the Federal Work-Study (FWS) Program depending on the student financial need and the type of job. Total hourly student employment compensation (including FWS funding) for FY2021 was approximately \$60 million. In academic year 2021 there were approximately 12,000 hourly student employees, of which 2,494 earned FWS funds. The primary departments involved in facilitating student employment include the Student Employment Office (SEO), under the umbrella of Financial Aid and Scholarship Services (FASS), and the distributed units across the university hiring the students. Other departments are involved in specific processes as described in the chart below.



SEO has responsibility for the processes that connect students with employment opportunities. SEO manages the posting of requisitions for student jobs, confirms eligibility for FWS funding, and approves key steps in the recruitment and hiring processes. The student employee recruitment process is facilitated primarily through Kenexa BrassRing, with interfaces to the PeopleSoft HR system. PeopleSoft is used to manage the system components of the hiring and employment processes as well as for student eligibility verification as it relates to the FWS Program.

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The on-campus hiring departments are responsible for hiring and completing on-boarding for student employees including ensuring fingerprinting clearance is completed where required, ensuring completion of required employee training, supervising work hours, and authorizing payroll, as well as terminating student employee positions.

Off-campus employment of students who receive FWS funding is coordinated between SEO and the off-campus employer, governed by contractual agreements between ASU and the employers. The students are paid through ASU with SEO acting as the hiring department; SEO completes the required on-boarding processes of ASU, enters students into the payroll system, enters time submitted by the off-campus employer, and prepares the billings of the off-campus employer for their share of the payroll expense. The off-campus employers hire the students, supervise the employees at the work site, regulate hours of work, and submit time cards to SEO for the payroll.

ASU must meet certain requirements for the administration, accounting and reporting of FWS fund uses to participate in the FWS Program. Student Business Services (SBS) is primarily responsible for managing the funds for the financial-aid programs, including FWS, and performs fund drawdowns, distribution reconciliations and annual reporting. SBS uses the EDCAP grant management system (G5) of the Department of Education (ED) to request and adjust drawdowns, return excess funds, and access payment information and history. For FY2021, ASU was authorized \$6.1 million of FWS funding.

Audit Objective: The objective of this engagement was to assess the design and operating effectiveness of controls related to compliance with FWS requirements and oversight of student employment. Specifically, the audit focused on the following areas:

- Assessing recruiting and hiring processes for both on-campus and off-campus positions
- Ensuring controls are in place to enforce defined pay ranges by job grade
- Validating FWS program requirements are met, including fiscal management of funds and accurate FISAP reporting
- Validating compliance with required new hire and annual training related to employment at ASU
- Ensuring background check and fingerprint screenings are performed based on position requirements/classification
- Ensuring student employment positions are terminated when the employee is no longer an active ASU student, and
- Identifying areas for improvement

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Scope: The scope of the audit focused on hourly student employment and FWS related practices during the period of July 2020 through December 2021.

ASU accepted an invitation to participate in the FWS Experimental Site Initiative (ESI), an ED program started in 2019 to encourage universities and near-by off-campus employers to collaboratively develop relevant, career-focused paid internships for students. Eligibility testing of the participants in the FWS ESI, and ASU's administration of the program were excluded from the scope of the audit due to low participation levels. Controls over ASU payroll systems were also not considered in the scope of this review.

Methodology: The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing promulgated by the Institute of Internal Auditors and accordingly consisted of tests of procedures necessary to provide a reasonable basis for expressing our opinion. Specifically, audit work consisted of interviews with appropriate leadership and staff of SEO, FASS, SBS and six hiring departments that annually employ or support the employment of large numbers of students, review of work processes, documented policies and procedures, and substantive tests in the following areas:

- Verifying fiscal controls over the FWS Program meet requirements by:
 - Confirming total drawdowns from the G5 Activity Report to revenues in Workday
 - Reviewing supporting documentation for four drawdowns from the G5 system
 - Verifying the calculations of administrative cost allowances and transfers to the Job Location Development (JLD) program
- Recalculating Part V of the FY2020-21 Fiscal Operations Report and Application to Participate (FISAP) for the FWS Program, verifying timely submission and accuracy of supporting documentation by:
 - Reviewing the FY21 annual reconciliation between PeopleSoft and Workday by SBS and verifying the participant counts and federal/non-federal shares
 - Performing a reconciliation to Workday at the student level
 - Verifying participant counts and federal/non-federal shares for the JLD program, community service, and tutors from supporting documentation
 - Comparing expenditures to the FWS awards for the academic year 2021, and validating the FWS awards of 10 students with the highest difference and 22 students with no award for the fall/spring semesters
- Assessing the oversight of recruitment for student employment by:
 - Verifying all requisitions for the review period (5,683) had appropriate SEO approval and remained open for the minimum length of time
 - Validating job postings were at appropriate wage rates for a sample of 25 on-campus and 10 off-campus requisitions

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- For the sample of 25 on-campus job posting, confirming security screening requirements were identified on the posting
- Verifying international students were not placed in FWS funded positions through review of 207 conditional offers processed for international students
- Validating PeopleSoft rules in place to evaluate student eligibility for the FWS Program through review of system logic and walkthrough of rules with system administrator
- Verifying offers of employment meet FWS and ASU requirements by:
 - Reviewing offer letters and hiring documents and confirming offers agreed to the requisitions, met timing requirements, were approved by SEO, and included continuation requests for a sample of 23 on-campus student employees
 - Confirming the Intent to Hire and Continuation Request were obtained where applicable for a sample of 25 off-campus student employees
 - Confirming the 6 current Off-Campus employers have a current agreement in place including required language
- Assessing controls over payroll for off-campus FWS student employees and the billing of employers for the non-subsidized portion by:
 - Confirming payroll was supported by signed and approved time cards validating hours worked for 25 student employees
 - Reviewing the accounts receivable aging report and revenue accrual entry for year-end and reconciling 7 monthly invoices to payroll expenditures
- For 5,117 active student employees (on and off-campus) hired between July 2020 and September 2021, verifying completion of Fire Safety and Prevention and Information Security training between Jan 2020 and Dec 2021, and determining timeliness of training (new hire or refresher) for a sample of 25 on-campus student employees who completed both trainings
- From job requisitions opened between July 2020 and Dec 2021, assessing appropriateness and completion of security screenings by:
 - Confirming background checks were completed for a sample of 25 active on-campus student employees where screening was required as part of requisition
 - Confirming fingerprinting was completed for a sample of 25 active on-campus student employees where screening was required as part of requisition
 - Confirming background checks of 10 active student employees and fingerprinting of 22 active student employees hired as tutors through the America Reads and Counts programs
- Verifying graduating student employees were terminated in a timely manner for a sample of 88 student employees
- Interviewing departmental human resource teams of 6 hiring departments to confirm existing student employment practices comply with federal requirements and ASU

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policies, and identifying process gaps and opportunities for improvement

Conclusion: Overall, effective controls have generally been implemented to ensure compliance with FWS requirements of the Department of Education and some ASU policies related to student employment. Fiscal controls for the FWS funds are coordinated between FASS, AE Enrollment Fiscal and SBS, providing for the effective management of drawdowns and expenditures for FWS awards, and compilation and verification of participant information for accurate reporting in the FISAP. In addition, existing processes ensure that student employee job descriptions are reviewed by SEO, are posted in a consistent manner, and follow defined salary ranges. However, employment controls are largely distributed to the hiring unit and adequate controls have not been implemented to ensure compliance to employment screenings, required employee training, and timely termination of student employee positions.

Specifically, testing identified pervasive issues in student employee positions not completing fingerprint screening when required for the position, and at times these positions involve working with a minor such as in tutoring positions in K-12 settings. Testing also identified that required employee training is not consistently completed by student workers with exception rates averaging between 18-59%. The hiring unit is responsible for ensuring both fingerprint screening and training is complete for student employment positions.

In addition, controls governing off-campus employers require improvement. The SEO is responsible for maintaining agreements with the off-campus employers in addition to performing much of the oversight generally performed by the distributed hiring departments. Testing identified that none of the six Off-Campus FWS Continuation Request forms for student employment in fall 2021 were submitted timely; the forms were signed and dated January 2022. It was also noted the agreements do not address the responsible for security screenings (background checks and fingerprinting). Even though ASU is deemed the employer under the Agreement, the responsibilities have been delegated to the off-campus employers with no verification by SEO.

Data analytic reports exist for departments and hiring managers to track completion of fingerprint screenings and mandatory training by student employees; however, the usefulness of this reporting is negatively impacted by the nuances that student employment introduces such as holding more than one position at a time and changing positions often combined with student employee training in multiple Learning Management Systems. These reporting and system limitations have been communicated to OHR who provides the analytic reports, of which some updates have already been

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implemented. These items as well as other efficiency issues related to FWS funding captured in the interviews with hiring units were also provided to the working group that is scoping potential updates/enhancements of the existing Human Capital Management application.

The control standards University Audit considered during this audit and the status of the related control environment are provided in the following table.

General Control Standard (The bulleted items are internal control objectives that apply to the general control standards, and will differ for each audit.)		Control Environment	Finding No.	Page No.
Reliability and Integrity of Financial and Operational Information				
	<ul style="list-style-type: none"> Fiscal management of FWS awards meet program requirements. 	Reasonable to Strong Controls in Place	N/A	N/A
	<ul style="list-style-type: none"> Payroll for off-campus FWS student employees is processed accurately and timely. 	Reasonable to Strong Controls in Place	N/A	N/A
	<ul style="list-style-type: none"> Invoicing to off-campus employers for reimbursement of payroll expenditures of the student employees is accurate. 	Opportunity for Improvement	1	9
Effectiveness and Efficiency of Operations				
	<ul style="list-style-type: none"> Advertisements for student employment and recruitment practices for on and off-campus student employees comply with requirements of the FWS Program and ASU policies. 	Reasonable to Strong Controls in Place	N/A	N/A
	<ul style="list-style-type: none"> Final candidates meet the eligibility requirements of the FWS Program and ASU policies at hire. 	Reasonable to Strong Controls in Place	N/A	N/A
	<ul style="list-style-type: none"> Weekly and accumulated work hours of student employees are limited and monitored according to ASU policies. 	Reasonable to Strong Controls in Place	N/A	N/A
	<ul style="list-style-type: none"> Student employees complete mandatory new hire and refresher training according to ASU policies. 	Opportunity for Improvement	5	14
	<ul style="list-style-type: none"> Agreements with off-campus employers include current terms and clearly state the responsibilities of each party. 	Opportunity for Improvement	4	13
	<ul style="list-style-type: none"> Documentation required from off-campus employers is obtained and updated timely. 	Opportunity for Improvement	4	13
	<ul style="list-style-type: none"> Fingerprint screenings are monitored and tracked for completion where required for student employees. 	Opportunity for Improvement	2	10

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	<ul style="list-style-type: none"> Security screenings for tutors in the America Reads/Counts program is completed according to the Collaborative Agreements with participating organizations. 	Opportunity for Improvement	3	11
Safeguarding of Assets				
	<ul style="list-style-type: none"> Student employees are terminated at graduation according to ASU policy and otherwise in a timely manner. 	Opportunity for Improvement	6	16
Compliance with Laws and Regulations				
	<ul style="list-style-type: none"> Off-campus employers and positions meet the eligibility requirements of the FWS Program. 	Reasonable to Strong Controls in Place	N/A	N/A
	<ul style="list-style-type: none"> The FWS Program components are accurately reported on the annual FISAP. 	Opportunity for Improvement	7	17

We appreciate the assistance of the Student Employment Office and Financial Aid and Scholarship Services teams during the audit.

Lisa Grace, Executive Director, University Audit and Advisory Services
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 Corinne Austin, Senior Auditor, University Audit and Advisory Services

Audit Results, Recommendations, and Responses

1. Adequate reconciliation procedures have not been implemented to ensure payroll expenditures of the student employees for off-campus employers are accurately invoiced.

Condition: The monthly invoices to off-campus employers for payroll processed through ASU have not been accurately calculated resulting in an accumulated underbilling at June 2021. According to SBS, the total underbilling for payroll and ERE is \$7,089. Additionally, the year-end revenue accrual entry has not been calculated accurately resulting in the underbilling not being identified. The underbilling is primarily the result of workers compensation not being included in the invoices; however, testing also identified the following issues:

- Incorrect amounts on the invoices for individual student employees
- No ERE adjustment to payroll expenditures for June
- Payroll redistributions that cross fiscal years

Criteria: The invoices to off-campus employers should be reconciled to the payroll expenditures posted to Workday to ensure that ASU is properly reimbursed and any discrepancies are identified and corrected.

Cause: Under the FWS Program, universities are allowed to pay the student employees who work for off-campus employers and bill the employers for their share, which ASU has chosen for the process. The invoices are prepared by SEO and AE Enrollment Fiscal using reports from PeopleSoft but are not reconciled to the payroll expenditures posted in Workday. The ERE adjustments and year-end revenue accrual entry are then calculated by SBS from the total of the invoices, so a separate verification is not completed.

Effect: ASU has not been properly reimbursed for the payroll expenditures of student employees hired by the off-campus employers.

Recommendation: SEO, AE Enrollment Fiscal and Student Business Services should implement procedures for reconciling the invoices for off-campus employers to the payroll expenditures posted in Workday. The procedures should include verifying the completeness and accuracy of ERE, account for any adjustments from payroll redistributions such as credits to off-campus employers, and ensure the year-end revenue accrual entry agrees to the unbilled payroll expenditures.

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Management Response: Student Business Services has collaborated with AE Enrollment Fiscal and the Student Employment Office to complete a more comprehensive reconciliation where the following is being verified:

- All outside agency invoiced amounts will be reconciled against Workday expenses to ensure ASU is being accurately reimbursed for all student employment expenses including the workers compensation expense. This will be completed on a monthly basis to ensure discrepancies are identified timely and necessary adjustments can be made prior to monthly invoices being sent out to student employment agencies.
- ERE and workman's comp expense amounts will be reviewed and the proper adjustment will be completed to ensure that 100% of these expenses have been accurately accounted for in the off-campus employers account. This adjustment will be completed on a monthly basis.
- Prior to completing the year end accrual entry, Student Business Services will review payroll reporting to ensure entry amount ties to unbilled payroll expenses.

The changes are implemented now with full implementation completed by June 2022 year-end closing.

2. Existing processes for fingerprint screenings, when required for student employee jobs, are not effective to ensure completion.

Condition: Hiring departments have not implemented adequate processes to ensure student workers complete fingerprint screening when required for their position. Additionally, OHR has not implemented tracking and reporting for units to notify them when this requirement is still outstanding.

Criteria: The hiring department is responsible for determining whether a student worker position will be required to undergo a background check and/or fingerprint screening as a condition of employment based on the nature of the position. ASU requires fingerprinting for security or safety-sensitive and other specified jobs.

Cause: Hiring departments have not implemented effective controls to ensure positions that require fingerprinting are monitored to ensure this requirement is met.

In addition, OHR has not implemented notification to the hiring manager when student employees have not completed the required consent forms or scheduled appointments

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to complete the fingerprinting. OHR has implemented data analytic reports for fingerprint status to aid hiring departments; however, these reports have conflicting information regarding position information which may result in a hiring manager incorrectly thinking a fingerprint check is complete in error.

Effect: Checks of criminal history were not completed for students employed in jobs deemed to be security or safety-sensitive (i.e. lifeguards, Residential Hall council members, box office clerks). Testing of 25 active student employees who were hired for a job that required fingerprinting found 22 (88%) did not complete the screening. Allowing these employees to perform duties that necessitate the need for a fingerprint screening potentially places employees, students, and the university community at risk.

Recommendation: To ensure a safe and secure working and learning environment and reduce the risks to the university, the hiring departments should ensure the fingerprinting process is completed.

In addition, The Office of Human Resources should improve training for hiring managers related to the screening processes including the differences in the timing, responsibilities, and notifications by OHR as well as ensure hiring managers are aware of the data analytics reports available and how to utilize the information for their positions. It is also recommended that OHR develop a monthly report of student employees who have not completed the fingerprint process where required and provide to departmental leadership.

Management Response: While the hiring department is responsible for monitoring if their student workers have completed the fingerprint screening process, OHR will implement periodic reporting to HR Liaisons to communicate outstanding fingerprint clearance instances to provide greater visibility to departmental leadership.

3. Requirements are inconsistent for when a background or fingerprint screening is obtained for tutoring/teaching related positions in the America Reads/Counts program, where student employees work with minors.

Condition: Testing of job requisitions for the America Reads/Counts program identified inconsistencies in when a background check or fingerprinting is required for tutoring/teaching related positions. Additionally, testing of 22 active student employees hired beginning in November under two job requisitions found that 8 have not yet completed fingerprinting. For the remaining 14 student employees, the timeline for the

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fingerprinting ranged from before hire to 51 days after hire with the employees potentially working with minors for an average of 11 days prior to the screening being completed.

Criteria: The standard Collaboration Agreement with the organizations that receive tutoring/teaching services from the America Reads/Counts program requires ASU to complete employment screenings according to ARS requirements.

Cause: The department responsible for the America Reads/Counts program, Community Engagement Programs in the MLFTC, changed their process from requiring background checks to fingerprinting in the fall 2021 without understanding the differences in the processes, responsibilities, and timing of completion.

Additionally, review of the screening options on the position by the requisition approver for the hiring department was not appropriately completed for the requisitions that had no screening requirement.

Effect: Since background checks are completed before hire but students may be conditionally hired before completing fingerprinting, the change in the requirement on the job requisitions inadvertently resulted in some student employees providing tutoring/teaching services while their fingerprinting was being processed.

It was also noted that two requisitions (for multiple positions) from fall 2020 and spring 2021 were incorrectly processed with no screening requirement resulting in some student employees having no screening.

Recommendation: Community Engagement Programs should improve the review of the screening options on the position for the America Reads/Counts program to ensure the appropriate requirement is selected. The department should ensure the differences in the background check and fingerprinting processes are clearly understood, use the process that meet the requirements of the Collaboration Agreement, and implement effective tracking of screenings. Regardless of the type, the screening should be completed for tutors/teachers before they work with minors.

Additionally, the department should determine whether any of the tutors/teachers hired from requisitions that did not have a screening requirement are currently employed and immediately complete appropriate screenings.

Management Response: We had modified our background check policy for America Reads new hires from background checks to fingerprinting to speed up the hiring process.

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While this achieved the desired outcome, we had not foreseen that some of the students would not complete the fingerprinting after being hired, which caused us to be out of compliance. To rectify this, we have modified our job postings so all candidates must go through a background check before a hire can be completed. We completed an audit on our current employees and found that two had not completed their fingerprinting. Both of them scheduled and went for fingerprinting at ASU HR.

4. Controls for obtaining and updating required documents from the off-campus employers that participate in the FWS Program need improvement.

Condition: Required forms related to off-campus student employment are not monitored effectively to ensure they are obtained and updated timely.

It was also noted the Terms of Agreement do not address which entity has the responsibilities of conducting background and/or fingerprint screenings for student employees and when those may be necessary. While ASU is deemed the employer of record and pays the student employees, SEO indicated the responsibilities related to the screenings has been delegated to the off-campus employers. One of the off-campus employers has tutoring/teaching related jobs that work with minors, with five student employees hired for these jobs in 2021.

Criteria: The ASU Off-Campus FWS Student Employment Hiring Procedures require employers that want to continue a student's employment from one term to another to submit an Off-Campus Federal Work-Study Continuation Request form to SEO prior to the start of the new term.

SEO also indicated that the off-campus employers are responsible for determining the requirement for and completing background and fingerprint screenings of student employees they hire; however, this is not currently stated as part of the Terms of Agreement.

Cause: Monitoring controls have not been implemented to ensure that documents required from the off-campus employers are obtained and/or updated in a timely manner.

Effect: Testing identified that none of six Off-Campus employers submitted the FWS Continuation Request form to continue student employment into fall 2021 until January 2022, even though the start dates were in August 2021. As a result, the student employees were allowed to work without the employer acknowledging responsibility for 50% of the earnings, and authorizing SEO to assign the student to work for the employer

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under the FWS Program. In addition, student workers working for off-campus employers are not subject to ASU's employment screening processes nor does the agreement with the off-campus employer require them to perform employment screening resulting in students working in positions where ASU is considered the employer of record and being paid through ASU without going through employment screening.

Recommendation: SEO should implement monitoring controls to ensure that documents required from the off-campus employers are obtained and/or updated in a timely manner. Additionally, SEO should modify the Terms of Agreement to include additional language regarding the employment screening responsibility.

In addition, while active agreements were in place for each of the 6 off-campus employers tested, three of the six agreements were executed more than five years ago. As a result, these agreements have not been updated with the current standard liability language implemented in FY2020. Best practices include periodic review and re-execution of automatically renewing contracts to ensure they contain current terms and conditions.

Management Response: SEO will obtain language from OHR related to employment screening responsibilities for positions that require working with minors and place that language in the agreement immediately for any new agreements. For existing agreements with agencies that have positions requiring work with minors, we will complete new agreements with the updated language May 2022.

A more efficient process will be created to communicate between SEO and Off campus employers regarding the continuation of a student's employment beginning Fall 2022.

5. Monitoring of student employee compliance with required new-hire (and annual) training requires improvement.

Condition: Student employees do not consistently complete required training at time of hire and annually thereafter.

Criteria: All ASU employees, including student workers, are required to complete new-hire training, including Fire Safety and Prevention, Information Security Training, and Preventing Harassment and Sexual Violence training and the Duty to Report training within 30-90 days of hire, and in some cases a refresher training each year. The hiring departments are responsible for monitoring the completion of both new hire and refresher

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training. For off-campus student employees, the SEO, as the hiring department of record, is responsible for tracking completion of training.

Cause: Effective processes to monitor training have not been implemented. Data analytic dashboards have been implemented to help track completion; however, dashboards are challenging due to the various modules for each type of training, multiple Learning Management Systems used for student workers, and challenges related to initial training versus the annual requirement. This is further complicated with student workers due to the possibility of them having more than one position, having breaks between positions, and changing positions often.

Effect: Student workers may not be aware of important policies or requirements related to working in ASU's environment including areas of information security, safety, workplace behavior and reporting expectations. Specifically, testing identified the following:

- Of 5,117 student employees (on and off-campus), 997 (19%) did not complete the Fire Safety and Prevention and 1,129 (22%) did not complete the Information Security training during the 2-year period between Jan 2020 and Dec 2021
- For a sample of 25 on-campus student employees tested to determine the timeliness of training (90 days for new hire and 364 days for refresher):
 - 3 (12%) did not complete the Fire Safety and Prevention training timely
 - 10 (40%) did not complete the Information Security training timely
- Reliance was made on a review performed in FY2021 which identified approximately 59% of student workers hired between January 2020 and February 2021 had not taken the Preventing Harassment and Discrimination training and approximately 37% had not taken the Duty to Report training

Recommendation: Hiring departments should enhance their current monitoring of student employee training to ensure required training is complete. SEO, as the department of record for student employees of the off-campus employers, should implement procedures to ensure the students complete the mandatory training at hire and/or for the refresher. It was also requested that OHR enhance their current Hiring Manager training to reinforce this requirement.

Due to the distributed nature of monitoring employee training, a specific management response was not obtained as part of this review. University Audit is implementing continuous auditing of this university requirement as part of the FY2023 Audit Plan and will request management responses at a VP unit level as non-compliance is identified.

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The continuous audit program is intended to be implemented by October 2022. In addition, the reporting and system limitations identified as part of this testing were provided to the working group scoping potential updates/enhancements of the existing Human Capital Management application.

6. Existing processes are not adequate to ensure student employees are terminated timely once they graduate or are no longer actively working.

Condition: Existing processes are not adequate to ensure students employees are terminated timely once they graduate or are no longer actively working.

Criteria: Policy SSM 304-15 establishes the required timelines for terminating student employees at graduation. Student employees who receive FWS funding must cease employment on graduation day but may be extended by the department without FWS funding for two weeks. Student employees who do not receive FWS funding may work for two weeks after graduation. International students must cease employment on graduation day.

Cause: Hiring departments have not implemented effective controls to ensure student workers are terminated in a timely manner when no longer working in the position hired for or when they graduate.

Effect: Student employees that are not formerly terminated through PeopleSoft retain their system credentials to many ASU applications even though they are no longer actively employed. In addition, student workers may continue to work and be paid in violation of Policy SSM 304-15, which may impact compliance with FWS requirements or with the Student and Exchange Visitor Program (SEVP) within the Department of Homeland Security or with the Bureau of Educational and Cultural Affairs (ECA) of the Department of State (DoS) with the Exchange Visitor Program.

Testing of 88 student employees who graduated in May 2021 identified the following:

- Two student employees who graduated in May that worked and were paid through the pay period end 07/11/21
- 16 student employees (18%) that were not terminated within 3 weeks of graduation
- 11 student employees (13%) that were terminated through the automatic system termination process, which occurs only after 5 months of no hours submitted through payroll

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Recommendation: Hiring departments should enhance their current processes related to student employment to ensure student workers are terminated in a timely manner. It was also requested that OHR enhance their current Hiring Manager training to reinforce this requirement.

Due to the distributed nature of student employee termination processing, a specific management response was not obtained as part of this review. University Audit is implementing continuous auditing of this university requirement as part of the FY2023 Audit Plan and will request management responses at a VP unit level as non-compliance is identified. The continuous audit program is intended to be implemented by October 2022. Results from this program may also warrant further changes in the timing of the automatic system termination process.

7. FISAP reporting requires further enhancement to ensure student counts and related earnings reported in the information sections of the FISAP are accurately compiled and calculated.

Condition: Variances were identified in some of the information sections of the FISAP due to inadequate tracking and classification errors associated with student positions. Specifically, testing identified the following:

- For the JLD Program, the SEO does not track the continuation or termination of the student employees or verify the enrollment status of the employees. The estimated earnings of the student employees were based on continuous employment through the fiscal year-end, which would be overstated if any of the student employees left their jobs during the year. Additionally, of the 19 student employees reported, enrollment in both semesters of the academic year could be verified for only 12.
- For the Community Service Activities, 141 student employees who work on-campus were included in the reporting, resulting in an overstatement of counts and expenditures.

Criteria: Participation information must be reported in the FISAP on certain program and activities that have specific requirements.

- The FWS Program allows the lesser of \$75,000 or 10% of the FWS allocation to be used for the cost of establishing and administering the JLD Program to expand

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off-campus job opportunities for students who are enrolled in the institution. Additionally, the earnings of the student employees are expected to exceed the federal funding used for the program.

- The FWS Program generally requires that at least 7% of the FWS allocation be used to employ students in community service jobs with at least one student employed as a reading tutor. For FY2020 and FY2021, the requirement was waived due to COVID. On-campus jobs meet the definition of community service if the services are designed to improve the quality of life for community residents or to solve problems related to their needs.

Cause: The procedures established by SEO for compiling the participation information do not include sufficient reviews and evaluations to the requirements. SEO does not track the continuation or termination of the student employees or verify the enrollment status of the student employees for the JLD Program reporting, and inappropriately included student employees who work on-campus in the Community Service Activities reporting.

According to SEO, the on-campus jobs were included in the Community Service Activities based on an initial interpretation of the requirements; however, after a subsequent review SEO agreed that most of the jobs would not qualify.

Effect: Student counts and related earnings reported in the information sections of the FISAP for the JLD Program and Community Service Activities are overstated based on the compiled information; however, based on discussions with SEO and estimates of the correct counts and earnings, the requirements of the FWS Program would still be met. SEO provided a corrected estimate for FY21 for the JLD Program using a new process for identifying and tracking the student employees, which would significantly exceed the requirements.

Recommendation: SEO should enhance existing procedures for compiling and reviewing the participants that are reported in the various information sections of the FISAP to ensure the requirements are met. Procedures related to the JLD Program should incorporate tracking substantial changes to employment and verification of enrollment status of the student employees. Procedures related to the Community Service Activities should ensure jobs/student employees identified as community service are reviewed/approved for appropriateness. Additionally, SEO should determine if regulations require the FY2021 FISAP to be resubmitted to ED.

Management Response: SEO will immediately use a new process for identifying and tracking student employees in the JLD program. Data sharing arrangements with the

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employer will provide accurate reporting of student counts and related earnings on future FISAP reports, with the next one due September 30, 2022. FASS has conducted a review of community service designated employers and has removed from the list those that do not meet the criteria.

Arizona State University
Student Employment Audit
May 2, 2022

Distribution:

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