

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

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May 2, 2022

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

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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.

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Security screenings for

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

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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

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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, 10 screenings were completed 7 days before hire (10) and 6 days after hire (6). The total number of screenings completed was 16 (10 + 6). The number of screenings completed 9 days before hire was 4 (4). The number of screenings completed 9 days after hire was 3 (3). The number of screenings completed 10 days after hire was 6 (6).

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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

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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

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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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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.

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