



A practical guide to employment screening

Know your candidate 

VERIFYING THE FACTS ON AND BEHIND YOUR CANDIDATE'S CV

Introduction

The concept of employment screening is rapidly gaining popularity with UK employers. And no wonder – a highly mobile workforce, increasingly sophisticated fraudsters and a relentlessly competitive and increasingly litigious business environment only serves to make finding honest, suitably skilled employees a much more difficult task. Those businesses that pay close attention to who they hire will give themselves a much better chance of success than those who don't as the quality of each new employee will either take a business forwards or backwards. The significance of each hiring decision means that the days of assessing a candidate's suitability based on an interview and a couple of references are consigned to history.

From talking to hundreds of businesses regarding employment screening, many know they need to check new employees more thoroughly but are unsure what checks they can make or how to go about the process. This guide aims to provide UK employers, regardless of industry or size, with practical and impartial advice regarding how to implement and manage a robust employment screening programme that is right for their business. Combining hands-on experience and valuable information on the how, when, what, who and where of employment screening, this guide is aimed at anyone who has responsibility for ensuring their business gets recruitment decisions right.

About the Author

Barry Hetherington is an employment screening consultant providing knowledge and expertise to companies based in the UK looking to improve their employment screening processes. Barry's extensive knowledge of employment screening has developed from setting up and managing his own employment screening company, Know Your Candidate Ltd and his time at Experian Background Checking where he was involved in numerous employment screening projects for major employers within financial services, public sector, utility and airline sectors. Being fully involved in the design, implementation and day-to-day operation of screening projects and his attention to detail makes him ideally placed to explain how to implement successful employment screening programmes.

A handwritten signature in black ink that reads "Barry Hetherington".

Barry Hetherington
Managing Director
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About Know Your Candidate Limited

Know Your Candidate was established to provide UK employers of all sizes with a straightforward way to make their employment screening more robust. Know Your Candidate achieves this by making a range of background checks available via a low-cost, user-friendly, web-based service combined with a transparent, refreshingly honest and efficient approach to customer service. Learn more at www.knowyourcandidate.co.uk

Why check?

A new employee represents a significant investment for any organisation. The costs associated with recruitment, salaries and benefits, training and development can often mean that many thousands of pounds have been spent before the new employee becomes productive.

Like any other form of investment, employees also have risks attached to them. Most employers still only tend to view risks posed by employees one-dimensionally from the perspective of whether the employee's skills and employment history will enable them to adequately perform the role. While this is an important consideration to prevent costly labour turnover scenarios, employers also need to evaluate risks posed from the perspective of:

- ***The employee's identity and background***
- ***The employee's character and motives for seeking employment with their organisation***
- ***The employee's access to valuable assets such as customer data and intellectual property***
- ***External factors such as labour markets, their competitors approach to employment screening and legislation***

Faced with these risks most employers still choose only to protect themselves by requesting two employment references. Changes in the outside world, the business environment and the employment market mean that this approach is outdated and offers inadequate protection for employers in 2010 and beyond.

£6,125 - the average costs of labour turnover per employee in 2009¹

19% - the percentage of leavers with just 0-6 months service¹

30% - the percentage of applicants who admit to lying on job applications²

40% - the percentage of internal perpetrators of company fraud / crime in the UK with less than 2 years service³

£100 million – the value of employee fraud in the UK in 2008⁴

A structured and well executed employment screening process, using a variety of background checks, provides more data for employers to assess candidate suitability and risk. More data leads to better recruitment decisions which in turn deliver the following benefits:

✓ **Lower employment costs:** improved employee quality / suitability results in lower labour turnover therefore saving money on recruiting, training and employing unsuitable staff.

✓ **Increased productivity:** employment screening can play a big part in ensuring that the correct candidate is selected, resulting in better job performance. Candidates attempting to secure roles beyond their competence are screened out.

✓ **Increased brand protection and compliance:** a structured employment screening programme enables employers to demonstrate to their customers, regulators / industry bodies and insurers that processes have been implemented to reduce the possibility of employee related threats such as fraud and theft.

¹ CIPD Annual Recruitment, Retention and Turnover Survey 2009

² IPSOS MORI survey 2001

³ PricewaterhouseCoopers 4th Biennial Global Economic Crime Survey – UK country report

⁴ BDO FraudTrack 2008

Who to check

Just because higher salaries and higher recruitment fees are paid to fill senior management or specialist roles does not mean that in-depth checks should only be performed on candidates applying for these positions.

More often than not it is the operational staff lower in an organisation's hierarchy that have ready access to computer systems, customer data, stock etc and therefore pose more risk. In addition, risk also needs to be assessed from the individual's position too – how much do they have to lose if they were to attempt to commit a fraud, crime or damaging event against your company or customers?

Who has the least to lose and the most to gain?



Senior Manager

- 42 years old
- Married with 2 children
- 4 Bedroom house - mortgaged
- 20 years industry experience with several blue-chip companies and chairs local business forum in association with regional development agency
- Salary: £50,000 + car, healthcare, pension, share save scheme and performance based share options
- Can only produce dashboard reports from CRM system – would need to ask other staff members for customer list / details



Junior staff member

- 24 years old
- Single, no children
- Rents accommodation
- Not settled on any career path, several call centre, customer service, retail roles prior to joining their current employer
- Salary £14,250 plus quarterly bonus
- Full access to customer lists and data via CRM system
- Ability to process orders and refunds, both of which include taking credit card details

Key points:

- Check all employees not just senior management or specialist roles
- It is often employees in operational roles that pose the greatest risk

When to check

All new employees prior to commencing employment



This may sound like very obvious advice; however, it is surprising just how many employers fail to do this. Employers that do not complete checks before their employees commence work with them are taking a large risk. From day one the new employee is likely to be issued with a swipe card giving them access to buildings and passwords for computer systems meaning that the majority of the physical and IT security measures are easily by-passed.

It is crucial therefore to allocate enough time to initiate, complete and analyse the results of employment screening prior to any new employees intended start date. If there isn't enough time to complete checks consider pushing the employee's start date back or restricting their duties / access until checks are complete. On average most background checks will be completed within 10 to 15 working days depending on the number and complexity of checks made.

Finally, do not fall into the trap of believing that the clause from your organisation's employment contract that states "employment is subject to satisfactory employment checks / references" offers protection. This clause merely provides employers with a route to dismiss an unsuitable new employee but it does not prevent the unsuitable employee committing fraud, theft or any other potentially damaging act.

Annual checks



Your employee's circumstances will change over time. Employees deemed low risk when they were recruited could end up posing a greater risk later on. Whilst details of previous employment and qualifications verified on entry remain static, an employee's financial circumstances, criminal record and entitlement to drive are subject to change. If your company has made these checks on entry then it makes sense that these checks are repeated periodically. Every 1 – 2 years is a practical interval. Existing employees should also be included within any annual check regime even if they were employed prior to your new robust employment screening process being implemented.

Internal Promotions



If your company operates a risk based approach to employment screening (see page 8) then be aware that internal promotions could see an individual with a low level of employment screening move to a position where a much higher level is required. Common scenarios where this can occur include temporary to permanent moves and employees moving to projects where clients demand that a certain level of checks are conducted.

Key points:

- Complete all background checks prior to the employee commencing work
- The clause 'employment is subject to satisfactory employment checks' in your employment contract does not protect your organisation from high risk candidates and is not a substitute for performing adequate background checks
- Employee's circumstances will change over time therefore consider performing Credit Checks and Criminal Record Checks periodically
- Beware of internal promotions - they could mean that employees are not adequately checked for the role they currently perform

How to check

The management of the check process has a direct bearing on how successful your employment screening programme will be. Spending time planning how the process will work in practice and educating your candidates and line management will go a long way to ensuring your process runs smoothly.

The candidate experience



Signposting your candidates by adequately taking time to explain the employment screening process to them - why your company makes the checks, their importance and how the process works will help ensure things run smoothly and deliver the following benefits:

- ✓ **Fewer delays** – candidates will have more time to gather the data required to conduct checks and provide it to you on time
- ✓ **Shorter initial sift process** – the initial sift phase of the recruitment process will be shortened as time wasters will be deterred from applying

To enable employment screening to be viewed as an integral part of the recruitment process by your candidates, explain the following points on your organisation's website recruitment pages or via a simple insert into your application pack if using paper forms:

- **Why your organisation makes checks**
- **Which checks will be made**
- **The stage within the recruitment process the checks will be made**
- **The information and documentation candidates will be asked to provide**

Timetable to complete background checks



Performing robust employment screening checks takes time; however, if you have planned adequately and started the process early enough, all checks can be completed prior to the employee's intended start date. Factor the following tasks into the schedule:

- **Checking the data submitted by the candidates for errors and omissions**
- **Requesting and chasing up any missing data**
- **Passing the data to third parties e.g. employment screening companies**
- **Dealing with any queries arising from the checks**
- **Analysing the results**

Getting the buy-in of stakeholders



Whilst the task of actually managing the employment screening process will rest with the Human Resources department in the majority of organisations, the co-operation of other stakeholders, notably line managers from the departments hiring the new employees, is vital to ensure the process runs smoothly. Practical steps to aid stakeholder buy-in include:

- **Involving line managers in the design of the new employment screening process**
- **Clearly explain the new process emphasising who is responsible for each task**
- **Explain the benefits of the new process to stakeholders**
- **Set clear expectations regarding how long the process takes**

How to check

Data capture



Gathering accurate, complete and timely information from your candidates is vital for successful employment screening. To avoid delays, capture the data required for employment screening as early as possible in the recruitment process rather than waiting until the preferred candidate has been identified. Having to compile contact details for several previous employers and possibly a five-year address history required for a criminal record check for example is going to take your candidates a few days. Data from candidates that do not progress can be securely destroyed once you know their applications will not be proceeding. Also think about how the process will work if candidates supply incomplete data:

- ***Who will be responsible for contacting the candidate to retrieve missing details?***
- ***What happens if the candidate has not responded within a set timeframe?***

Adhere to the Data Protection Act when collecting data for employment screening purposes:

- ***Always capture the candidate's explicit permission to make any background checks***
- ***Clearly explain the purpose for which the candidate's application data will be used***
- ***Only capture the data relevant to checks you are going to make***

It is advisable to obtain the candidate's consent in writing even though you may have captured application and employment screening data online. This eliminates any possible ambiguity regarding what the candidate is agreeing to, and secondly, written consent can be needed to initiate some background checks e.g. Qualification Checks. Request that the candidate brings the signed consent form together with documents to confirm their identity and address to the first interview.

Finally, if your organisation has chosen to conduct Credit, Criminal or Driving Licence Checks make sure there is space within your application form or online system to capture the candidate's declaration on whether these checks are likely to return any negative information. A candidate who discloses this information should be treated more positively than one who attempts to conceal their past.

Key points:

- Provide your candidates with clear instructions regarding the employment screening process
- The consent of the candidate must be obtained to conduct background checks
- Clearly explain the screening process to other stakeholders within your organisation – especially the department line managers hiring new employees
- A robust employment screening procedure will typically take 15 days to complete
- Commence data capture as early as possible in the recruitment process to avoid delays

What to check

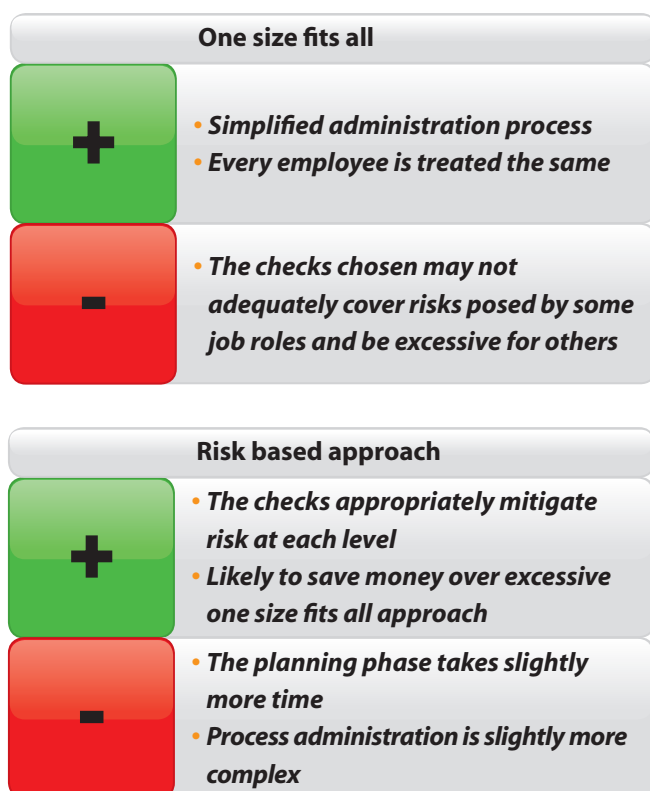
Unless your organisation is part of central government, operates within the security industry or has staff working 'airside' at an airport there are no hard and fast rules regarding the checks that should be made on a new employee over and above checking their right to work in the UK. Deciding what to check is the most important part of the employment screening process and is essentially a compromise between costs, process administration and risk mitigation.

There are 2 possible approaches you can take to decide what checks to make:

One size fits all – conduct the exact same checks on all new employees regardless of job role or responsibility.

Risk based approach – the checks are varied to mirror the risk posed by each job role.

There are positives and negatives for each approach:



For most organisations, investing the extra time to research and implement a risk-based approach will deliver a more robust and more cost-efficient employment screening programme, plus the additional time and work required isn't as much as you may envisage.

To implement a risk based approach, follow this process:



What to check

Stage 1 – Draw up a list of your organisation's key assets

Your organisation's key assets could be physical things such as stock or vehicles, data such as customer lists, or intangible assets such as intellectual property regarding products or services. The list will vary from company to company and industry to industry, examples are:

- **Customer list**
- **Customers personal information if operating in consumer markets**
- **Access to transactional data / financial systems and reports**
- **Access to premises, stock, vehicles and other physical assets**
- **The ability to access cash, authorise payments or refunds**
- **Access to business plans and operating policies**
- **Access to intellectual property regarding products or services**

Stage 2 – Define risk categories

A simple method to assess the risk your employees pose to your organisation is to look at the level of access they have to the key assets you compiled in Stage 1. Your employee's ability to access key assets will vary depending on their job role, department and their level of responsibility. The level of supervision or permission required to gain access to key assets should also be considered.

Be careful to balance the number of risk categories – too many and the screening process will become too complicated and too few won't adequately mitigate risk. Most small / medium organisations will find that 3 risk categories will be adequate while larger, more complex organisations may need to operate up to 6. Example risk categories could be:

Risk level	Definition
Very high risk	Unrestricted and unsupervised access to numerous key assets
High risk	Unrestricted and unsupervised access to 1 or 2 key assets
Medium risk	Restricted and supervised access to key assets
Low risk	Very limited or no access to key assets

What to check

Stage 3 – Place each job role into one of the risk categories

Once you have decided on the number and definition of your risk categories the next stage is to allocate each job role to a risk category. The simplest method to do this is to list job roles in a column of a spread sheet and then list your organisation's key assets along the top row. For each job role, enter the level of access the individual

doing that role would have to each particular asset. If your organisation has hundreds of job roles you could group those that are similar to save time. One access level is likely to dominate for each job role from which the relevant risk category can be assigned.

	Ability to build or access customer list	Access to customers details including credit card	Access to financial system & transaction records	Access to IT infrastructure and server rooms	Access to business plans / operating policies	Risk category assigned
IT Helpdesk Executive	No Access	Limited	Limited	Limited	Limited	Low risk
Database Administrator	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Restricted	Very high risk
IT Director	Restricted	Restricted	Restricted	Unrestricted	Unrestricted	High risk

In this example for members of the IT department the IT Helpdesk Executive has limited access to most key assets, therefore, using the table drawn up in Stage 2 they would

be designated 'Low Risk'. The Database Administrator has unrestricted access to numerous key assets so this would be designated a 'very high risk' job role.

Stage 4 – Determine suitable check components for each risk level

Now that you have allocated job roles to your risk levels the final task is to define the checks you will make for each risk level. The best method to do this is to determine a base level of check that is adequate for the lowest risk category and then incrementally build up the number and time period covered by the checks for the higher risk categories.

A robust base level check

- **Right to work check**
- **Identity and address check**
- **Credit check**
- **Employment references – 2 years**
- **Gaps in employment history noted but not verified**

Additional checks and variations as the risk profile increases

- **Add Criminal Record Checks**
- **Increase time period covered by employment references e.g. 3 years / 5 years**
- **Verify any gaps in employment and education history e.g. 3 months / 1 month**
- **Add Qualification Checks**
- **Add checks such as Driving Licence Checks, Financial Sanctions Checks and Directorship Checks for relevant roles**

Key points:

- A risk based approach i.e. varying the background checks undertaken depending on the role the new employee will perform is likely to prove the most effective approach to employment screening for most employers
- 3 different screening levels should be sufficient for most organisations
- Calculate the risk posed by the levels of unrestricted and unsupervised access your employees have to key assets such as your customers' data or your company's stock or intellectual property

Using the information the screening process returns

Before commencing your employment screening programme you need to decide how you will use the information the checks produce. For most organisations there will be three possible outcomes – Pass, Refer and Decline.

Instances of candidates lying about their career history and qualifications are likely to be classed as an outright 'Decline' scenario by most organisations but determining whether someone with a Criminal Record or Court Judgements is suitable or unsuitable can prove more difficult. Having a course of action pre-planned for how to gather the additional information / clarification required to determine whether the individual is suitable for your organisation will save you time and dealing with such matters efficiently will project a professional image of your organisation to your potential employee.

A simple guide based on a 'traffic light' scheme could be produced and issued to those members of staff who are responsible for receiving and analysing the results:

Category	Definition / examples
PASS	No discrepancies returned from any check undertaken
REFER	At least 1 check has flagged up a potential issue <ul style="list-style-type: none">• Criminal Record Check reveals an unspent conviction unrelated to job role• Credit Check reveals 1 or 2 Court Judgements• Driving Licence Check reveals more than 3 penalty points
DECLINE	Major discrepancy revealed or several smaller discrepancies revealed <ul style="list-style-type: none">• Major discrepancies in employment history e.g. dates, job titles significantly different to those claimed• Identity found to be falsified• Credit Check highlights numerous judgements with no mitigating circumstances• Criminal Record Check highlights unspent conviction(s) that are inappropriate for the role e.g. fraud conviction / finance department role

If a particular candidate is the best option for your organisation but has negative data on their employment screening report then you may also want to implement actions to monitor the employee more closely to verify that your initial decision to employ them was correct.

- **Extra supervision**

E.g. more frequent checks on the individual's work or more frequent meetings with their manager

- **Restriction of duties**

Removal of the ability to perform certain tasks or access certain systems or assets without supervision

- **More frequent checks**

Perform checks on the employee every 6 months as opposed to annually until you are happy the employee does not pose any additional risk

Key points:

- Plan what you are going to do with the information from the screening process - what constitutes a Pass/Refer/Decline?
- Develop a process that will enable you to make decisions with regard to 'Refer' category candidates
- Consider possible actions to monitor 'Refer' level candidates if you choose to employ them

Monitor, review, adapt

Once implemented, your employment screening programme will need to be continually monitored to ensure it stays effective and provides the best protection for your organisation.

There are a number of factors which will influence the relevance and effectiveness of your employment screening programme, things to monitor include:

Legislation changes:

- *Will new legislation mean you need to make more checks or impact on the ones you already do?*

Market changes:

- *What checks are your clients requesting?*
- *Are there new checks available that could help to further reduce risk?*
- *To what extent are your competitors checking?*

Process and logistics:

- *Is your current process working efficiently?*
- *Which parts of the process could be improved?*

Outcome:

- *Is candidate quality increasing?*
- *Has there been a reduction in the initial sift process?*
- *How many candidates are falling into the 'Refer' or 'Decline' categories?*
- *Do 'Refer' and 'Decline' rates correlate with any particular channels used to attract candidates?*

Candidate / stakeholder experience:

- *What are your candidates and operational management saying about the process?*

Key points:

- Your employment screening process will need to be monitored and adapted to ensure it continues to protect your company moving forward

Next steps

Call us on 0161 265 1717 to discuss your employment screening requirements.

Register online at www.knowyourcandidate.co.uk for fast and reliable employment screening.

Invite us to benchmark your organisation's current employment screening processes.

Download 'Background Checks – a Guide for UK Employers' from our website to learn more about background checks that can be incorporated in the employment screening process.



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