

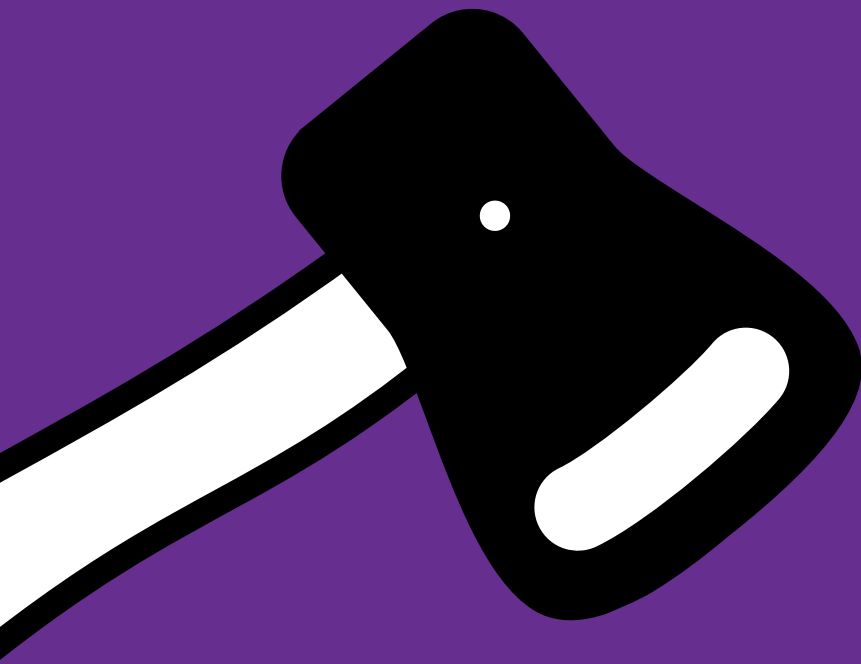
How to avoid



HIRING AN AXE MURDERER



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Introduction

So, to avoid hiring an axe murderer or, worse, a Post-it thief, your organisation has decided to start employment screening. Brilliant. This should be easy, right? Just sign up with a provider, get the relevant details from your candidate, run the background check – job done!

On the surface employment screening seems like a simple task. What you soon discover, however, are the nuances, legal issues and practical considerations that can turn a seemingly simple task in to a complex one.

Fortunately our practical guide is here to help you. Step-by-step we'll show you how to plan, implement, and manage your screening project to ensure it's compliant, delivers effective results, and offers a great candidate experience.

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Step 1: Which employees should you screen?

A common misconception among job candidates (and some employers) is the idea that background checks are, or should be performed, on all shortlisted applicants in order to select a preferred candidate.

Screening every shortlisted candidate would be a waste of valuable time and money, as well as being unnecessary. Instead background checks should be carried out on the preferred candidate at a later stage check to verify what we think we know, and certainly what we hope is true about a prospective employee.

“Screening every shortlisted candidate would be a waste of valuable time and money...”

A second misconception among employers is that employment screening is only ‘worth doing’ for certain roles or levels of seniority. Not only does this inconsistent and inequitable approach leave a large percentage of employee risks un-mitigated, it could also be viewed as unfair by some candidates and leave your organisation open to legal action.

In fact, it’s not always senior employees who pose the greatest risk. Take a look at the graphic overleaf and assess the ‘opportunity’ and ‘motive’ to commit employee fraud for each worker.

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Right, it's time to assess the 'opportunity' and 'motive' to commit employee fraud for each worker...



Emma | Customer Service Team Leader

- 26 years old, single, no children, lives in rented accommodation
- Not settled on any career path, call centre, retail roles to date
- Salary £21,000 with small annual bonus
- Full, unauthorised access to customer lists / customer data via CRM system
- Ability to create and delete records on CRM system
- Authorise customer orders and refunds

Richard | Senior Product Development Manager

- 45 years old, married, 2 children, 4 bedroom house – mortgaged
- Salary £55,000, Car, Pension, Healthcare and share options
- 20 years industry experience chairs local chamber of commerce
- Access to dashboard level reports only via CRM system
- Access to company business plans and sensitive information on new product developments



Practical considerations

- » Perform employment screening on all new employees
- » Check your preferred candidate only
- » Do not ignore to screen temporary workers – even having basic checks complete such as credit, identity and passport checks are better than no checks at all. Consider making it a condition of the contract with any agencies used that they screen the candidate prior to them starting work with your firm
- » Make additional checks on internal promotions if the new role has a higher risk profile than the employee was originally screened for
- » Consider annual checks where appropriate on characteristics which can change over time such as criminal records, financial status and adverse media

Step 2: Measure the employee risk for your organisation

Employment screening offers an objective approach to help you manage the risks when hiring people. Rather than relying on “gut feel” or what’s printed on the candidate’s CV, employment screening gives you clear methods by which to verify stated facts and check the background of a prospective employee.

There are many background checks that you can carry out. To determine which ones are appropriate you need to establish an **‘Employee Risk Profile’** for your organisation using the process below:



Step 2A: Assess Employee Risks

Determine where your organisation is vulnerable to employee fraud



Step 2B: Choose Background Checks

Select the background checks that best mitigate the risks for each level



Step 2C: Build Job Role Categories

Allocate each role a risk level – low, intermediate or high

Why a one-size-fits-all approach doesn't work

You could choose to conduct exactly the same background checks on all new employees regardless of their intended role. The problem here is balance: set the screening level too low and you will leave a large proportion of employee risk un-mitigated; setting the level too high means the costs/time required to complete employment screening will be disproportionately high in relation to risks faced.

A better solution therefore is to match the level of screening to the risks posed by each job role. This does not have to be complicated, operating 3 levels of screening (low, intermediate, and high risk) will be sufficient for most organisations.

Step 2A: Assess employee risks

Depending on the nature of your business there are a number of different types of employee fraud that could occur. The list below is by no means exhaustive, but it hopefully paints a picture of just how wide ranging employee fraud can be.

Procurement Fraud: can take the form of bid rigging or payment claims for goods not delivered

Personnel Management Fraud: examples include staff on sick leave but working elsewhere, abuse of flexible working arrangements, mis-use of official time

Exploitation of Assets and Information: examples include the passing on of customer data to fraudsters for financial gain or sensitive company information such as business plans to competitors

Payment Fraud: creating bogus customer records so that false payments can be generated, processing false claims by accomplices for benefits or repayments, authorising payments to oneself

Receipt Fraud: incoming cash or cheques are stolen; records of the amounts owed by customers are adjusted in return for cash rewards or other incentives

False Accounting: covering up losses built up through trading or other fraudulent activity, over stating sales/profits to secure performance related bonuses

Probability of Axe Murdering...

Okay, so now it's time need to determine the probability of an employee committing these types of fraud (or axe murdering...) in your organisation.

Probability can be influenced by a number of factors including:

- » The level of supervision associated with the position
- » Low or non-existent supervision provides greater opportunity for fraud.
- » The level of physical and IT security
- » A lack of physical security e.g. CCTV, computer passwords may lead to opportunities to steal. Individuals are more likely to commit fraud if they are confident they won't get caught.
- » Level of access to key company assets e.g. property, people, stock, data
- » High levels of unmonitored access increase the possibility of fraud.
- » The strength of internal controls i.e. clear policies and procedures
- » Transactions or processes that only require a single employee to authorise are a higher fraud risk. If there's a perceived lack of governance or procedures are routinely ignored employees will feel they have a greater chance of getting away with it.

Step 2B: Build job role categories

Use the table below to assess the risks related to each job role in your organisation by ticking 'yes' or 'no' to each question, and adding up the total number of yes's.

Job Role

		Yes	No
1	Primarily unsupervised access to key company assets e.g. money, property, stock, data		
2	Access or control over financial records of the company e.g. authorise payments or refunds		
3	Ability to purchase goods or services for the company		
4	Ability to set or change I.T. and or physical security controls for the company		
5	Access to customer data / lists / contracts		
6	Ability to submit expense claims		
7	Position of authority over one or more people within the company		
8	Ability to work from home or at a customer site as part of their normal duties		
9	Ability to create new customer records on database		
10	Ability to authorise contracts with customers		
11	Legal or contractual obligation related to employment screening		
12	Professional licence required		
13	Pre-requisite level of education required		
14	Minimum work experience or skills required		
Total			

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Criteria	Risk Level	Risk category for this role
1-3 Yes's	Low	
4-6 Yes's	Intermediate	
7+ Yes's or if 'yes' to any one of questions 1, 2, 3 or 4	High	

Step 2C: Choose background checks

Right, now that you've allocated each job role a risk category, the final task is to determine the background checks you will make for each of the categories. The simplest approach is to determine a base level that adequately covers the lowest risk category, and then incrementally add further checks for the higher risk categories.

In addition to extra checks you could increase the time and depth of information the checks cover. For example: extend the time period covered by employment references; verify more of the candidate's education rather than the highest qualification; verify gaps in employment; telephone interview referees rather than just accepting confirmation of job title and employment dates in writing. The graphic below illustrates the concept:

Background Checks for Low Risk Roles

- Right to Work Check
- Identity & Address Check
- Employee Credit Check
- Employment Verification 2 years
- Gaps in employment history > 3 months noted but not verified

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Background Checks for Intermediate Risk Roles

- Right to Work Check
- Identity & Address Check
- Employee Credit Check
- Employment Verification 5 years
- Gaps in employment history > 3 months verified
- Highest / most relevant qualification verified
- Criminal Record Check
- Adverse Media Check

Background Checks for Intermediate Risk Roles

- Right to Work Check
- Identity & Address Check
- Employee Credit Check
- Employment Verification 10 years
- Telephone interview
- Gaps in employment history > 1 month verified
- All degree level qualifications verified
- Professional qualifications verified
- Criminal Record Check
- Adverse Media Check
- Sanctions (Fraud) Check
- Directorship Check

Step 3: Decide how you will interpret and use the screening results

Your background checks will return a variety of results, hopefully mostly positive, but there will undoubtedly be scenarios where the information returned is negative or lies within a grey area.

Having pre-defined rejection criteria and a set procedure for gathering additional information for the clarification of results where they are not conclusive will enable decisions to be made quickly.

The first step is to produce a traffic light guide that interprets the results for each background check conducted, and lists the action to be taken for those checks with 'amber' or 'red' results.

This guide needs to be simple and unambiguous so that any new team member could pick it up and follow it – our example below illustrates a guide for the results of an Employee Credit Check:

Status	Data / Discrepancy	Action
Green	Report clear: no court or insolvency data present	Accept subject to results of other checks
Amber	Three or fewer Court Judgments present in a timeframe of three years or less Bankruptcy Order, Individual Voluntary Arrangement or Debt Relief Order present	Interview the candidate to establish the background to the court and insolvency data, if there were any mitigating circumstances and the measures they have taken to prevent the situation occurring again in the future. Document and discuss the findings with the HR Manager and the candidate's proposed Head of Department. HR Manager and Head of Department to make joint decision on whether to accept or terminate.
Red	Four or more instances of Court & Insolvency data present covering a timeframe of more than three years	Terminate the application

What if a candidate's good, but raises a flag?

Yeah, good question. If you believe a particular candidate is the best option for your organisation but they fall into the 'Amber' category you could decide to proceed and appoint them, albeit with special conditions in place for a set period of time (e.g. the first six months of employment).

Some examples of possible actions you could take are:

» **Extra supervision / monitoring:**

More frequent checks on the individual's work and more frequent meetings with their supervisor, more frequent monitoring of use of email, Internet and computer systems.

» **Restriction of duties:**

Removal or limiting the ability to perform certain high risk tasks or access certain computer systems or certain parts of buildings / complex unless supervised.

» **More frequent background checks:**

Perform background checks every six months as opposed to every 12 months until you're happy the employee does not pose any additional risk.

Step 4: Integration with your on-boarding process

Can your on-boarding process survive the scrutiny and expectations of today's 'connected' workforce? With the right approach you can seamlessly integrate your employment screening process with your on-boarding procedures to give your new hires a great first impression while giving yourself and your company essential risk protection and peace of mind.

You've got a great new person on the line, committed to joining your company. You like them, they like you, and now you've got some due diligence and "paperwork" to complete. A disorganised process at this stage can make your ideal candidate reconsider and take that next best offer. A smooth, well-designed process can solidify this new relationship and get the right employees working for you straight away.

So, what's the difference between an impressive on-boarding process and a one that will make your candidates pack up and leave?

I've made the right choice	I'll take the other offer!
Clear and unambiguous screening process outlined upfront, explaining why your organisation makes checks, the steps in process, data and documents required	Multiple phone calls, emails and missteps creating a chaotic and time consuming process
Ability to complete employment screening process online	Print, mail, sign, fax, lost paperwork, print again, mail again, sign again...
Ability for employees to complete employment screening forms well in advance of their start date	First day(s) of work are spent completing forms
Online tracking enabling employers to update candidates and hiring managers as to the progress of the screening process	Opaque system and processes which mean calling or emailing the screening provider for updates
Automated checks to ensure all forms are complete	"There is one last form we need you to complete Mr Candidate"

Practical considerations

- » Ensure there is enough time to complete background checks before the candidate commences employment – 15 working days for a package of background checks that includes employment references and a criminal record check is prudent
- » Provide candidates with clear instructions on how the screening process works
- » Ensure candidates at all levels are treated consistently and fairly throughout the screening process

Step 5: Train the people who will manage your employment screening programme

Your organisation may be new to employment screening, or you might have been running a screening programme for a few years, but now you're handing over to a new manager. In either scenario it's not as easy as telling your new HR or Recruitment Manager to "order some background checks on those candidates", and here's why...

- » There are just too many compliance issues surrounding employment screening to let someone "learn by doing". The costs of getting it wrong can be too great.
- » Your recruiters and HR Administrators (or whoever is ordering the background check) need to understand where the screening fits in the process, what's required before a check can be conducted and how to interpret the resulting report.

We're not suggesting your people need to be experts in background checking – you can always refer to your screening supplier for expert knowledge – but we do suggest your employment screening training should include:

Employment Screening Training Agenda

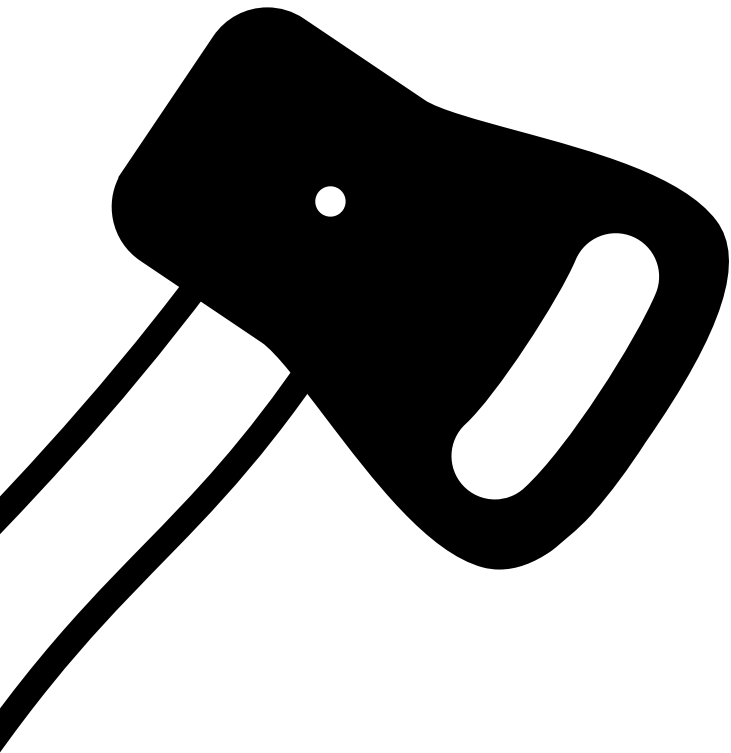
- » How employment screening fits in to your organisations recruitment process
- » Familiarisation with the different background checks undertaken and the application of those checks for different roles / risk levels
- » Understanding the data the screening reports return and the application of rejection criteria
- » Familiarisation with your screening supplier's online system
- » Employment Screening and the Data Protection Act e.g. how long screening reports are retained for, how data subject access requests are handled etc.

Need Further help or advice?

We hope that you have found this short guide useful and informative, and it's got you thinking about how you can avoid hiring an axe murderer, or a fraudster.

If anything, it's probably raised a number of questions so, if you'd like additional help or advice please get in touch with the good people at Know Your Candidate.

Call **0161 241 1212** or email **assistance@knowyourcandidate.co.uk** and they'll be happy to help.



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