

Only staff with identity badges are allowed in and out of your building, but are they really who they say they are?

Jessica Twentyman discovers there is a very fine line between running and ruining a company

# Guess who

In October 2004, Neil Taylor quit his £120,000 a year job as chief executive of a Midlands NHS Trust when it was alleged that he had lied on his CV about his qualifications.

Among the allegations are that his CV stated he had a 2:1 degree in management studies from Nottingham University when, in fact, he had attended the old Trent Polytechnic but failed to complete his degree course; that he handed his leased car, a perk of the post, over to his wife and begged lifts from colleagues, but continued to claim back expenses for transport across the region; and that he rarely filed normal expenses, putting pressure instead on junior staff to push through his requests without him filling out claim sheets.

He is now facing possible criminal proceedings.

If proven, the case reflects extremely poorly on the NHS as an employer - but very few organisations could legitimately claim that they are any more careful about who they employ, according to Steve Bailey, chief executive of Recruit with Confidence (RwC), a company that carries out employee background checks on behalf of some of the UK's largest and most influential companies.

"It's remarkable that even in these days of apparent security awareness, so many major UK businesses still appoint new staff to positions of responsibility with only the most basic of reference checks," he says. Recently, for example, a FTSE 100 company was horrified to find out in the course of an RwC background check on employees that its financial director - who had filed the company's annual accounts for the previous four years - had never completed his accountancy exams.

UK companies spend millions on

physical and electronic security but neglect to invest sufficiently, if at all, in personnel risk management and, in that respect, says Bailey, they seriously lag behind their US counterparts.

"In our biannual survey of companies, we found that, in the US, 74 per cent of employees who should be checked had been checked in 2004, up from 51 per cent in 2002. In the UK, the number rose from three per cent in 2002 to only nine per cent in 2004," he says. However, the rises at least are encouraging, suggesting that background checking is a rising priority at companies in both territories.

"In the past few years, we've definitely seen a growth in interest in our background screening services," says Rupert Emson, head of business development at risk consulting company Kroll. "The interest is coming from companies of a wider range of sizes and from different industries. It used to be mostly confined to financial services companies but that's no longer the case and we've acquired key customers in hospitality, energy, retail and so on - anywhere there's a reputational risk, then there's a justification for screening," he says.

## Screen to stay clean

In recognition of that fact, organisations are treating vetting more seriously. A useful framework for implementing an effective employee screening policy is the British Standard 7858:2004, which requires employers to obtain current address verification, a credit check (including searches for evidence of County Court Judgments, insolvency and bankruptcy), a ten-year written employment verification and two



personal written references for prospective job candidates.

That can be a challenge for hard-pressed human resources departments because the process is fundamentally time-consuming and increasingly complex as an increasingly global workforce means that many employees find themselves working outside of their own countries at some stage in their careers.

That provides a lucrative business opportunity for third-party providers of employee screening services. The International Professional Security Association (IPSA), for example, recently appointed Security Risk Management (SRM), a UK provider of operational risk management services, to be the administrator and custodian of its BS7858:2004 accreditation programme.

"We've worked with IPSA on a process that enables companies to prove to their stakeholders and customers that a standard of screening has been successfully carried out by independent process in relation to an individual and that they have addressed that part of the

operational risk matrix - the part that deals with people," says SRM director Brian Fenwick.

Another approach to reducing the administrative burden on the HR department created by employee vetting is to deploy software specifically designed to handle the process. Group 4 Securicor, for example, recently announced it had implemented a software package, Vetting Manager, from specialist software company Logosoft in order to control and manage electronically the vetting process to BS7858 standard.

"Group 4 Securicor is carrying out around 850 vets a month and Vetting Manager lessens its administrative burden by about 40 per cent whilst giving the company the ability to see at a glance vetting progress and ensure that performance targets are measured and met," says Paul Stamps, director of Logosoft.

"Employee vetting can be a serious headache, especially where it involves lots of paperwork and different computer systems. Our software is designed to manage and administer the process electronically

and to produce reports that enable managers to see how a check is progressing and what it has brought to light."

It is not only fear of damage to corporate reputation that is driving companies to explore employee background checking. Increasingly, regulatory and legislative authorities are demanding it of them.

In the financial services industry, for example, the Financial Services Authority deems certain positions in a company (known as 'controlled functions') to be accountable to the FSA itself and demands that people who fill these positions must be approved by the organisation according to its 'Fit and Proper Test for Approved Persons'. This test assesses whether individuals who want to perform a controlled function

## ADVICE FROM THE MI5

Few organisations know as much about employee vetting than MI5, the UK security service. It has issued the following guidelines to companies concerned about managing their staff securely:

- Establish the bona fides of potential employees. Ask the individual to provide full name, date of birth and address with a supporting official document such as a passport or driving licence with photograph;
- Ask to see a recent utility bill(s) confirming the given address;
- Accept only original documents - copies can conceal tampering;
- Request proof of academic or professional qualifications, and take up references from school, college, university and previous employers (again, insist on originals) and check with the authors that they are genuine;
- Ask for details of unspent convictions, where allowed under the Rehabilitation of Offenders Act, 1974. Individuals in England and Wales will soon be able to obtain statements, known as "basic disclosures", from the Criminal Records Bureau (CRB) on payment of a small fee. In certain circumstances - for example, where the post involves working with children or vulnerable adults - employers who are registered with the CRB may seek details on the applicant's spent convictions. Remember, however, that a conviction - spent or unspent - need not be a bar to employment;
- Where relevant, seek proof of right to work in the UK;
- Remind applicants that supplying false information, or failing to disclose material information, may be grounds for dismissal;
- Provide a supportive working environment that makes it easy for staff to discuss their own concerns and problems confidentially and informally;
- Encourage your managers and staff to be alert to anything unusual in employees' behaviour or attitudes and to voice their concerns. Reassure them that such information will be handled sensitively and confidentially. Note that any action taken as a result of such concerns must be in accordance with employment law and other legislation;
- Operate a security awareness programme to remind managers and staff of potential threats, both internal and external, and of their role in countering them;
- Operate a "need to know" policy where possible, minimising access to confidential locations, assets or information to only those staff who need it;
- Consider physical access controls to particularly sensitive areas, or random searching on entry and exit of staff in such areas. This is an intrusive course of action, however, and staff need to fully appreciate the reasons behind it.

demonstrate: honesty, integrity and reputation, competence and capability and financial soundness.

That involves assembling a range of information about an individual: their personal and financial background, education and employment history and any information on directorships or other possible conflicts of interest. In addition, a standard level Criminal Records Bureau Disclosures will also have to be obtained through an approved third party.

Likewise, the private security industry - the domain of nightclub bouncers, private investigators and personal bodyguards -- is regulated in the UK by the Security Industry Association (SIA). From 11 April 2005, all door supervisors working in England and Wales are required by law to have an SIA licence. In order to qualify for that licence, they must undergo an identity and criminal background check, as well as attend training courses and sit exams.

Other industry sectors are following suit, says Bailey of RwC, particularly in sectors such as education, healthcare and the care industries, where employees work with elderly, young, ill or otherwise vulnerable people. "The cost to run a background check on a job

candidate [through our service] typically equates to half a day's wages for that person. It's a negligible cost in the light of the risks involved in not checking," he says.

However, they are clearly not working fast enough. In May 2005, for example, the NHS Counter Fraud Service asked 100 staff at Lewisham University Hospital NHS Trust to provide identification papers. Eighteen subsequently failed to turn up for work. Another 27 took incorrect documents.

And in October 2005, a criminal gang working as contract cleaners gained access to the computer systems of Sumitomo Bank. They attempted to transfer £220 million to 10 different bank accounts but their plot was uncovered.

"More legislation will be required before the majority of employers wake up to their responsibilities and to the appalling risks they are taking," says Bailey. "Convicted offenders visiting vulnerable members of the public on official business, unqualified paramedics in life or death situations, fraudsters running the payroll - it can and does happen. Yet it's so quickly, easily and inexpensively prevented."



### IT PAYS TO CHECK

In recent years, a number of UK organisations have found themselves the subject of unfavourable press coverage because they allegedly neglected to vet employees:

The London Borough of Hackney's personnel department was accused by its own staff of appointing recruits with 'unchecked bogus qualifications'. Several of the staff subsequently went on to allegedly commit a multi-million pound housing fraud against the Borough (Guardian)

Following fatal rail crashes, contractors accused Railtrack of failing to protect the public from allegedly unqualified staff working in key safety areas without proper checks on even their identities. (Construction News)

Several Premiership and football league clubs including Liverpool and Arsenal have been accused by the Professional Footballers' Association (PFA) of damaging players' health by employing unqualified club doctors. The PFA estimates that hundreds of retired players are now unable to walk properly because of incorrect treatment of their injuries by club doctors. An 18-month investigation revealed that of 58 'medics' only three were properly qualified. The others, alleged the PFA, were 'unqualified and untrustworthy'. PFA/University of Leicester

Due to a lack of proper checks a senior priest who allegedly embezzled £30,000 from the Roman Catholic Church went on to secure a position with a cathedral renovation charity using falsified references. When he left he allegedly took £1.4m of charitable donations with him! The Guardian

After being sacked from his job as an ambulance man for lying about his qualifications, Don Walker-Johnson was re-employed as an ambulance technician working directly with patients. NHS Trust chief executive Graham Elderfield said: 'This should not have happened.' County News 19/06/2002

A Financial Times report (April 2002) alleges that out of 600 job applications screened, one in four contained CV discrepancies' and 63 contained serious discrepancies such as exaggerated qualifications, undeclared County Court Judgements (CCJs) and 'misrepresentation'.

In a survey of doctors, only 37 percent of locums were asked for proof of GP training, 13 percent were asked for references and only 4 percent were asked for proof of identity. Consumers Association investigation