



Pre-employment Checking

SUMMARY

- 1.1 It was resolved at the December 2010 meeting of the Audit and Accounts Committee to call-in the audit of Pre-Employment Checks to this meeting further to an overall control rating of 'Unsatisfactory' being reported on the issue. The audit report is attached at appendix 2.
- 1.2 The matter originates in a report to this Committee by the Head of Audit and Risk Management in June 2008 entitled 'Staff Fraud and Pre-employment checks'. The paper focused on the organisation's ability to use pre-employment checking as the first line of defence against staff fraud and refers to a commitment from Rod Wood, Assistant Director Human Resources, to build this in to work on developing recruitment processes.
- 1.3 The new recruitment processes were implemented in November 2009; the recruitment service having being integrated from the departments, where practice was variable, into the central Employee Services Centre (ESC) in Part 1 of the HR Review.
- 1.4 The 'unsatisfactory' audit focused on the checks recorded as having been carried out on new appointments in November 2009.
- 1.5 While the integration of the recruitment service had enabled a consistent approach to be developed and communicated, the positive impact was not felt until all the existing recruitment exercises at the time had been completed and the new approach applied to recruitment exercises commencing during and after November 2009.
- 1.6 The service has developed further since then. The recommendations identified by the 2009 audit were either;
 - already in the process of being resolved as the ESC developed, communicated and implemented the new HR administration service
 - out of date, because they concentrated on pre-ESC starters and there was a variable approach in departmental HR teams to recording pre-employment checking
 - requiring positive action which is agreed and will be completed before the end of March 2011.

RECOMMENDATION

- 2.1 That the Committee note the content of this report

REASONS FOR RECOMMENDATION

- 3.1 To inform the Committee of the improvements in pre-employment checking and the first line of defence against staff fraud further to the implementation of the HR Review Phase 1.

SUPPORTING INFORMATION

- 4.1 The key control weaknesses identified are being / have been positively addressed as follows;

Control weakness	Action
The guidance on pre-employment checks given to recruiters was incomplete in relation to checking the applicant's history.	The guidance was in the process of development during the period of the audit and was published shortly thereafter. It is intended to use these audit recommendations to help take recruiting managers to the next level of diligence and awareness when recruiting staff.
From the records held in personal files by the ESC there was insufficient evidence to demonstrate that the required level of pre-employment checking had been carried out by management.	The cases looked at had been recruited under the previous regime. Procedures to ensure comprehensive recording are in place further to Phase 1 of the integration of HR.
The Council was not obtaining previous employment references covering a sufficient period time and gaps in employment history were not robustly investigated.	This is now covered in the new guidance and by training (see below)
Inadequate pre-employment checks had been carried out by the third party company supplying agency staff.	The inadequate checks identified in the report were the result of one administrative error - the checks had in fact been carried out. Nevertheless, ESC works closely with the Temp Agency supplier to ensure that their standards fully reflect our own.
The Council did not carry out financial vetting of prospective employees for any post.	Financial checks are now out as appropriate.
Managers were undertaking pre-employment checks without specific training and must call on the expertise held in the ESC.	Managers and ESC staff attended a presentation recently given by the 'right4staff group' entitled 'Right to Work in the UK Guidance'. Also, ESC is arranging further training for its own staff and managers in identifying fraudulent

	documents from Derbyshire Police.
The pro forma that was used to record pre-employment checks did not meet best practice standards and was not saved with the recruitment documents to provide evidence of the checks having been carried out.	The standard pro-forma reference request and related procedure has been updated to reflect the CIPD Best Practice recommendations
The effectiveness of pre-employment checking was not being measured or recorded.	Procedures are now in place to record details of fraudulent applications.

- 4.2 While this work is being carried out, all HR policies are being reviewed to ensure that they support current organisational aspirations and the importance of pre-employment checking will be reflected appropriately.

OTHER OPTIONS CONSIDERED

5.1 N/A

This report has been approved by the following officers:

Legal officer Financial officer Human Resources officer Service Director(s) Other(s)	Richard Boneham, Head of Audit& Risk Management
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For more information contact: Background papers: List of appendices:	Nigel Dowey, Head of Employee Services, 01332 643689 e-mail Nigel.dowey@derby.gov.uk None Appendix 1 – Implications Appendix 2 – Internal audit report
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IMPLICATIONS

Financial and Value for Money

- 1.1 None directly arising

Legal

- 2.1 None directly arising

Personnel

- 3.1 As outlined in the report

Equalities Impact

- 4.1 None directly arising

Health and Safety

- 5.1 None directly arising

Environmental Sustainability

- 6.1 None directly arising

Asset Management

- 7.1 None directly arising

Risk Management

- 8.1 Carrying out pre-employment checks on job applicants will contribute to reducing the risks around recruitment fraud. The Audit Commission has highlighted this as a significant risk for local authorities in its recent publication "Protecting the Public Purse".

Corporate objectives and priorities for change

- 9.1 The functions of the Committee have been established to support delivery of corporate objectives by enhancing scrutiny of various aspects of the Council's controls and governance arrangements.