



DERBY CITY COUNCIL

Audit & Risk Management

Final Audit Report Pre-Employment Checks

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1 Executive Summary

1.1 Audit Background

- 1.1.1 The Audit and Risk Management section's risk assessment, with reference to both the strategic risk register and the individual departmental risk registers, identified this subject matter as an area of high risk.
- 1.1.2 This audit focused on the pre-employment checks which are required by the Recruitment and Selection process, and in particular, on those carried out since 2 November 2009 when new guidance was issued to managers.

1.2 Summary of Audit Findings

Control Objectives Examined	No of Controls Evaluated	No of Controls Tested	No of Adequate Controls	No of Weak Controls
There is a corporate policy on pre-employment checking	2	2	0	2
Current vetting practices adhere to best practice	13	4	1	12
Checks are carried out by suitably trained and experienced staff	1	1	0	1
Pre-employment checking is embedded within the Council and used effectively	6	0	0	6
Employee monitoring continues post employment	3	0	0	3
TOTALS	25	7	1	24

1.2.1 The following issues were considered to be the key control weaknesses:

- The guidance on pre-employment checks given to recruiters is incomplete and does not meet CPNI Best Practice standards in relation to checking the applicant's history.
- From the records held in personal files by the ESC there is insufficient evidence to demonstrate that the required level of pre-employment checking has been carried out by management.
- The Council does not obtain previous employment references covering a sufficient period time and gaps in employment history are not robustly investigated.
- Inadequate pre-employment checks have been carried out by the third party company supplying agency staff.
- The Council does not carry out financial vetting of prospective employees for any post.
- Managers undertake pre-employment checks without specific training and must call on the expertise held in the ESC.



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- The pro forma that is currently used to record pre-employment checks does not meet best practice standards and is not saved with the recruitment documents to provide evidence of the checks having been carried out. The effectiveness of pre-employment checking is not measured or recorded

1.3 Summary of Recommendations and Control Improvements

- 1.3.1 This report focuses on the weaknesses in the Council's systems of control that were highlighted by this audit and recommends what Audit considers to be appropriate control improvements. This report contains 13 recommendations, 7 are considered significant, 6 merits attention, and none are considered to be fundamental.
- 1.3.2 All 13 of the control issues raised within this report have been accepted and positive action has been agreed to be taken to address all issues. Positive action in respect of 2 recommendations will be completed by the end of September 2010. Another recommendation will be addressed by the end of November 2010 and the remaining 10 recommendations will be addressed by the end of March 2011.

1.4 Summary of Control Environment Assessment

- 1.4.1 From our findings, relative to the scope of this audit, we have determined that the overall level of control is **unsatisfactory**. That means that the risks identified within this audit are unacceptable and significant changes should be made
- 1.4.2 Management and the Audit and Accounts Committee should note that there are no adverse implications for the Council's Annual Governance Statement arising from this work.

2 Introduction

2.1 Reason for Audit

2.1.1 This audit was undertaken as part of the 2009/10 Audit Plan. From Audit's risk assessment of all the Council's control systems and with reference to both the strategic risk register and the individual departmental risk registers, we identified this subject matter as an area of high risk due, in part, to the following:

- Recent frauds committed by staff, who, on further investigation, should not have passed pre-employment checks
- A report from the Counter Terrorism Security Adviser for Derbyshire Constabulary indicates that personnel security is insufficient.

2.2 Scope of Audit

2.2.1 This audit focused on the checks recorded as having been carried out on new employees since November 2009 when the pre-employment check guidance was issued.

2.2.2 The following 5 control objectives were identified as the fundamental requirements of the internal control system, designed by management to mitigate the key risks presented by the subject matter:

- There should be a Corporate Policy on pre-employment checking to prevent and detect fraudulent applications
- Current vetting practices should adhere to Best Practice as defined by CPNI (Centre for the Protection of National Infrastructure).
- That checks carried out are done so by suitably trained and experienced staff so that a core of expertise is built up.
- Pre-employment checking is embedded across the authority and is used effectively.
- Employee monitoring continues post appointment.

2.2.3 To support these control objectives, Audit identified 25 key controls that we would have expected to see in operation. We identified and evaluated the actual controls management had designed to mitigate these key control risks and, where possible, we also attempted to verify how these controls were operating in practice.

2.3 Control Environment Rating

2.3.1 To help management schedule their efforts to implement our recommendations or their alternative solutions, we have risk assessed each control weakness identified in this report. For each recommendation a judgment was made on the likelihood of the risk occurring and the potential impact if the risk was to occur. From that risk assessment each recommendation has been given one of the following ratings:

- Fundamental.
- Significant.



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- Merits Attention.
- 2.3.2 These ratings provide managers with an indication of the importance of recommendations as perceived by Audit; they do not form part of the risk management process; nor do they reflect the timeframe within which these recommendations can be addressed. These matters are still for management to determine.
- 2.3.3 All fundamental weakness contained in the final versions of audit reports are to be reported to Audit and Accounts Committee together with the management responses as part of Audit and Risk Management's reports to Committee on progress made against the Audit Plan.
- 2.3.4 All audit reviews will contain an overall opinion based on the adequacy of the level of internal control in existence at the time of the audit. This will be graded as either:
- Good.
 - Satisfactory.
 - Marginal.
 - Unsatisfactory.
 - Unsound.
- 2.3.5 This will be determined by the number of control weaknesses identified in relation to those examined, weighted by the significance of the risks. Any audits that receive an unsatisfactory or unsound assessment will be highlighted to the Audit and Accounts Committee in Audit's progress reports.
- ## 2.4 Distribution & Communication
- 2.4.1 This report was issued in draft to Nigel Dowey, Head of Employee Service Centre. His comments in full concerning each recommendation along with action details, the responsible officer and proposed implementation dates are recounted in the matrix included in [Appendix A](#). We have summarised his response in the main body after each recommendation.
- 2.4.2 Our recommendations serve only to provide management with, what Audit considers to be, the most feasible solutions to the control weaknesses identified. The limitations of our scope for each assignment, does not always allow us to identify all the plans and developments that may affect management's decisions on the most appropriate short- or long-term solutions to address the control weaknesses identified. Accordingly, provided that they adequately address the control weaknesses identified, we are happy to accept management's alternative solutions if our recommended actions are not considered the most appropriate remedy. For this purpose we have provided a column in our response matrix to record any such alternative solutions.
- 2.4.3 This report has been issued to Don McLure, Strategic Director - Resources for comment. Copies of the final report have also been issued to:
- Julian Kearsley, Interim Strategic Director – Resources.
 - Rod Wood, Director – Human Resources.



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- Nigel Dowey, Head of Employee Service Centre
- Mark Edwards, Head of Service - Strategy, Policy and Workforce Learning.

2.4.4 This report was produced by Marj Morrice, Principal Auditor and Mandy Marples, Assistant Audit Manager. Any enquiry concerning the content of this report or associated issues may be made to Marj Morrice, Principal Auditor on ext. 5149.

2.5 Acknowledgments

2.5.1 We would like to take this opportunity to thank those officers who provided us with information and data throughout the duration of this audit and those that have resolved to take action to improve the control weaknesses highlighted by the audit process.

2.5.2 Specifically, we would like to thank

- Pamela Lafayette, HR Pay Assistant, Employee Service Centre.
- Mark Snape, Management Information Manager, Employee Service Centre.
- Nigel Dowey, Head of Employee Service Centre
- Mark Edwards, Head of Service - Strategy, Policy and Workforce Learning.

3 Control Weaknesses and Recommendations

3.1 Corporate Policy

- 3.1.1 We expected that the Council would have a corporate policy on pre-employment checks, which met CPNI Best Practice standards, in order to prevent and detect fraudulent job applications and ensure consistency across all services between permanent and temporary staff.

We found that there was not an official corporate policy on pre-employment checks. However guidance notes for recruiters had been drawn up in November 2009 but they were not available on the intranet (Derbynet) as at 30 March 2010, when audit fieldwork was undertaken. Although the terms and conditions of applying for a post with Derby City Council are given on the website, these only include the storage and use of data as part of the application. The guidance does not state clearly that any form of check, other than references and sickness may be followed up. It also fails to give guidance on the requirement to provide evidence of holding the qualifications claimed by the applicant in the Education/Training section, although it does state that a false declaration could result in dismissal. As a result, applicants are not clearly informed that checks will take place and some applicants may attempt to apply with inaccurate data.

As the Council's corporate guidance on pre-employment checks was not available to potential applicants and did not include all of the best practice elements, there is a risk that fraudulent applications will not be prevented from being made, or detected once they have been made, leading to financial and reputational damage. There is also a risk of the Council breaching an individual's rights should checks be carried out without their knowledge and implied acceptance.

Recommendation 1

Merits Attention

The Council's corporate guidance on pre-employment checks was not available to potential applicants and did not include all of the best practice elements.

We recommend that the Council's corporate guidance on pre-employment checks is updated and made widely available for reference both on the Council's intranet and on the Council's external website with an automated link from the on-line job application form so that applicants are made aware that checks will be made on all information provided. The guidance should:

- Include all best practice elements.
- Emphasise the need to protect the rights of individual applicants as well as the right of the Council to expect honest dealing on the part of its employees as outlined in the code of conduct.

Management should also review the guidance regularly and keep it updated for any procedural changes.

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Response from Mark Edwards, Head of Service - Strategy, Policy and Workforce Learning

Issue Accepted.

This recommendation is already partially carried out. Updated policy, procedure and associated guidance is timetabled in as part of a wider HR review.

3.2 Best Practice Standards

3.2.1 We expected that the current pre-employment vetting practices would adhere to CPNI Best Practice standards. These standards require a number of elements to be checked and also require that there is a resource of expertise within the organisation to provide assurance that these measures are being carried out correctly. Therefore these requirements should be included in the guidance documents available for those involved in the recruitment of staff.

We found that measures are being taken by the Council to work with partner organisations such as JET (Job Evaluation and Training) and Jobcentre Plus to provide more information to potential candidates prior to application. These initiatives include running a pre-employment course for grounds maintenance staff funded by the Jobcentre so potential employees are aware of the job requirements prior to applying. This, together with internal “talent pools”, has helped reduce the initial number of applicants and make shortlists more manageable. In turn, this may make any discrepancies more prominent than they would be if they were hidden in an excessively high number of applications.

Guidance for recruiters was issued in November 2009, but it is incomplete. It does not provide guidance on all aspects of the applicant’s history.

Where this is not available there is a risk that the Council could recruit a dishonest employee who may have falsified the information on their application form, leaving the Council at risk of fraud, theft or other misconduct.

Recommendation 2

Significant

The guidance on pre-employment checks given to recruiters is incomplete and does not meet CPNI Best Practice standards as recommended by Derbyshire Constabulary, in relation to checking the applicant’s history.

We recommend that the Council adopts the provisions of the CPNI Good Practice Guide and provides guidance on:

- Ensuring that the identity of the person presenting themselves for interview and employment is verified (although, many of the checks in relation to verifying eligibility to work in the UK may also serve to evidence the identity of the applicant or employee).
- Verifying details of previous employment when this was done overseas. If verification cannot be obtained, the manager needs to record the attempts made and the reasons why this was not pursued (even if this is simply because the task was no proportional to the risk it presented).

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- Checking previous employment history. As references are only taken from the current or last employer, any employment record prior to this which may have significance is not taken into account, and gaps in employment should be investigated.
- Requiring candidates to give any other names they have used.
- Checking potential employee records against National Insurance records . This should only be done for cases where the candidate present two different NINO's as part of their application which cannot be easily explained, or where the recruiter has major concerns. Managers in this position should contact ESC who will carry out these checks.

Please note, the availability of the CRB website guidance referred to on the Recruitment and Selection page on Derbynet should be reinforced so it confirms that this guidance should be used even where no CRB check is required. (However the guidance is not accurate when checking older birth certificates and recruitment advisors should be made aware of this.

Response from Nigel Dowey, Head of Employee Service Centre

Issue Accepted.

The audit has been carried out at a time of significant logistical and cultural change in the organisation. The recently integrated HR division is currently working with managers to support them to better discharge their 'people management' responsibilities. A key area of this is around pre-employment checking. Much progress has been made since November 2009 when the ESC came into being but such change takes time. For example, since the Audit commenced, the guidance on pre-employment checks has been completed

Currently pre-employment checking is monitored by the ESC Recruitment Team which supports individual managers through each recruitment exercise. The managers themselves though take ultimate responsibility for the decisions they make and each case is risk-assessed on its merits. This is consistent with the CIPD - Chartered Institute of Personnel and Development - guidelines.

It is intended to use these audit recommendations to help take recruiting managers to the next level of diligence and awareness when recruiting staff. The basic model of managers taking responsibility for their recruitment decisions supported by HR advice and guidance will continue to be embedded and recommendations that involve duplicate checking and the sharing of accountability will not be progressed

Regarding the specific points in this section:-

-The identity of the person presenting themselves for interview is verified by the checks in relation to certifying eligibility to work in the UK which are already done.

-Managers will attempt to verify details of previous employment overseas but will balance this value of this against the needs of the business.

-Managers will be expected to request 5 years worth of references and investigate gaps in employment.

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-We do ask to “previous surname” on the “New Starter Details” form and have now amended the form to capture all previous names.

-National Insurance checks will be made available as required.

3.2.2 Additionally, the guidance for recruiters does not provide guidance on identifying false documentation.

Where this is not available there is a risk that the Council could recruit a dishonest employee who may have falsified the information on their application form, leaving the Council at risk of fraud, theft or other misconduct.

Recommendation 3

Merits Attention

The guidance on pre-employment checks given to recruiters is incomplete and does not meet CPNI Best Practice standards in relation to checking for false documentation.

We recommend that the Council adopts the provisions of the CPNI Good Practice Guide and provides guidance on how to identify false:

- Documents produced as proof of identity.
- Qualification records.
- References.

Response from Nigel Dowey, Head of Employee Service Centre

Issue Accepted.

Guidance is currently provided via a link to the page on the CRB website where universal information on how to check identity documents is available, This has recently been improved to include links to a guide to preventing illegal working and a passport checking document. The same guidance is available for managers directly from the Recruitment Team.

Managers and ESC staff also attended a presentation recently given by the “right4staff” group entitled “Tight to Work in the UK Guidance” and ESC has asked Richard Boneham to pursue the offer of further training for managers in identifying fraudulent documents from Derbyshire Police.

The policy and guidance being developed in relation to Item 1 above will further support the communication of good practice.

3.2.3 The CPNI Best Practice standards also identify good practice for recruiters. We found that the guidance issued to recruiters at the Council does not comply with all the good practice identified.

- Additionally the guidance provided on Permission to Work in the UK is out-of-date. It refers to the Asylum and Immigration Act 1996 which was superseded by the Immigration, Asylum and Nationality Act 2006 and also provides an outdated listing of European Economic Area states whose citizens are eligible to work in the UK

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Where the suggested good practice for recruiters is not adopted by the Council there is a risk to the Council of potentially recruiting employees who have falsified the information on their application form. Recent press articles have highlighted statistics produced by the Chartered Institute of Personnel and Development which found that a third of British workers admitted to lying on their CV and one fifth asked a parent or friend to pose as a referee. Candidates who are dishonest at the application stage are unlikely to be honest in their ongoing relationship with their employer, leaving the Council at risk of fraud, theft or other misconduct. Inadequate pre-employment checks invalidate the Council's insurance should that employee go on to commit an offence.

Recommendation 4

Merits Attention

The guidance on pre-employment checks given to recruiters is incomplete and out-of-date, and does not incorporate all elements of good practice recommended in the CPNI Best Practice standards.

We recommend that the following elements of good practice identified in the CPNI guide are adopted by the Council:

- Ensuring a signature is acquired from those interviewees who have applied electronically.
- Identify the actions to be taken where false details are submitted as part of an application and how to report this.
- Strengthening the validity of the evidence provided by noting that good practice indicates managers request sight of the evidence provided on more than one occasion i.e. at interview and on the first day of employment.

Additionally the guidance provided on Permission to Work in the UK should be updated to reflect current requirements.

Response from Nigel Dowey, Head of Employee Service Centre

Issue Accepted.

A signature is currently acquired on the returned offer letter plus, where a CRB is required, a further signature is required there. To print off the on-line application form to get another one would undermine the efficiency benefits of the technology being employed.

ESC will recommend to managers that they ask new employees to re-present their 'right to work' document(s) on day one but this isn't an action that will be monitored, recorded or chased up. It is simply to be applied for deterrent purposes.

A register of incidents where false documents are identified will be developed and the guidance has been updated and will be continually reviewed.

- 3.2.4 We expected that pre-employment checks would be carried out and evidenced to confirm that appropriate checks have been undertaken. The CIPD guide "Tackling Staff Fraud and Dishonesty – Managing and Mitigating the Risks" gives



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statistics relating to the levels of fraud found nationally in the recruitment process:

- 25% of CVs contained incorrect or false information (source – Risk Advisory Group 2005)
- An average of 3 pieces of misleading information is provided in each CV
- 30 % of applicants admit to lying on their CV (source MORI)
- 34% managers fail to check applicants backgrounds (source MORI)
- 23% organisations fail to take up references (source CIPD)
- A sample of 40 “new starters” was selected and reviewed to ascertain the depth of checks been carried out. As the sample was taken when the guidance had only been in place for a short time, the results will reflect some of the pre-2 November practices, but will serve as an illustration of the issues emerging as the new guidance came into effect. Of these:
 - 17 were employed at schools and the pre-employment checking is carried out at the individual school. Therefore evidence of pre-employment checks was not reviewed.
 - 3 staff with access to government data (e.g. DWP records as used by the Housing and Council Tax Benefit team) that is provided under the Government Connect code of Compliance, have to meet identity and employment entitlement levels to meet the Baseline Personnel Security Standard and were not reviewed.
 - Of the remaining 20 new starters in the sample, 11 ESC records did not include sufficient evidence to prove that the person in post was that individual. These checks may not have been carried out, or they may have been carried out but not recorded. Within this group of 20 employees, 11 started work in November so will have been recruited before the guidance came into effect, 3 in December and 5 in January. Of the January cases, where the guidance should certainly have been followed, three files did not contain either evidence of the right to work in the UK or evidence that this had been checked. However, one of these posts was under Equity employment so operated under different conditions, and the other two missing evidence were both for casual posts but should undergo the same stringent checks.

The ESC team had previously identified areas where checking is weak, particularly in relation to relief workers for roles as sport and leisure attendants, cleaners and general kitchen assistants and this sample supports their concern that people may be being employed without checks being carried out when other possible candidates who have already been checked and are already in the pool are not being employed.

Where pre-employment checks are not carried out and evidenced as such the Council is at risk of been unable to demonstrate that adequate pre-employment checks have been carried out and that employees are entitled to work and are appropriate for their post. Employing individuals who have provided false or no identification could lead to fraud or theft, or if the employee is found to not be

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eligible to work in the UK and insufficient checks have taken place, could leave the Council open to a fine and conviction.

Recommendation 5

Significant

From the records held by the ESC there is insufficient evidence to demonstrate that the required level of pre-employment checking has been carried out by management.

We recommend that the ESC do not progress appointments until management has undertaken appropriate pre-employment checks. Evidence of these checks having taken place should be retained in a standard format (see Recommendation 9). ESC management should undertake spot checks to ensure that pre-employment checks are been carried out appropriately and consistently. Additionally, where managers do breach the requirement for checks, the ESC Manager should notify the appropriate service Director.

Response from Nigel Dowey, Head of Employee Service Centre

Issue Accepted.

ESC currently does not progress appointments without evidence of appropriate pre-employment checks unless senior approval to do so is provided. When this happens, a system is currently being developed where such cases are reported to DMTs for information.

ESC management does not feel it appropriate to introduce spot checks on managers. ESC's role is to provide guidance, monitor and report. Therefore it is proposed instead to develop a database of non-compliance.

- 3.2.5 We expected that the references taken up by the Council would add value to the recruitment process by verifying the details given on the application form. The CIPD guide "Tackling Staff Fraud and Dishonesty – Managing and Mitigating the Risks" advises that the standard reference pro forma should contain closed questions that focus on an applicant's honesty, integrity, reliability, competency and punctuality.

We found that the Council's pro forma reference request asked only 3 of the 9 questions recommended by CIPD, those being:

- Whether the organisation would re-employ the applicant.
- Details of their timekeeping
- Number of days absence.
- The CIPD recognise the difficulties experienced when some businesses refuse to give more details than the dates of employment.
- If the Council does not request the appropriate information about applicants from their referees, there is an increased risk that the applicant's previous employer may not provide all the information the Council needs to make an informed decision about whether or not to appoint the applicant. This could result in the Council employing unsuitable individuals who are predisposed to misconduct.

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Recommendation 6

Merits Attention

The Council's standard pro-forma reference request does not ask for all the information recommended in the CIPD Best Practice guidelines.

We recommend that the reference request document in use be revised to meet CIPD Best Practice guidelines. The revised pro forma document should be enhanced to include closed questions that focus on:

- Dates of employment.
- Details of salary.
- Reason for leaving.
- Whether dismissed.
- Whether the applicant was suspected of dishonesty or breach of trust.
- Reliability of the applicant.

Response from Nigel Dowey, Head of Employee Service Centre

Issue Accepted.

The standard pro-forma reference request has been updated to reflect the CIPD Best Practice recommendations

3.2.6 We expected that the references required by the Council would cover a sufficient period of employment history to enable the Council to make an informed decision about the suitability of the applicant for the post.

For every new starter, the Council needs to have at least two reference checks. One of the references should be from their last employer. Only in the case of residential care homes, do references need to cover the last 5 years. If applicants do not have a current or previous employer, the Council will accept an educational reference or one from another source.

CIPD best practice guidelines suggest that references should cover a minimum period of five years and ten years for high risk posts and that any gaps in an applicant's employment history should be investigated.

There could be a number of explanations for such gaps, for example, time off for travelling, caring for a child or relative, unemployment, self-employment, and so on. HR should ensure that they examine any gaps as these may conceal part of an individual's employment history or imprisonment. If an applicant claims to have been travelling, HR can ask to see stamps in the passport, evidence of flight tickets, and so on.

The Council does not currently pursue evidence which would substantiate any explanations for gaps in an applicant's employment history.

- If the Council does not request sufficient information about applicant's recent employment history and any gaps in employment, there is an increased risk that the Council will not obtain all the relevant information needed to make an informed decision about whether or not to appoint the

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applicant. This could result in the Council employing unsuitable individuals who are predisposed to misconduct.

Recommendation 7

Significant

The Council does not obtain previous employment references covering a sufficient period time and gaps in employment history are not robustly investigated.

We recommend that where previous employers will not respond to the Council's reference requests, alternative evidence of dates of employment should be obtained through bank statements, wage slips or an HMRC statement. If possible, an employee should not start their new job until references have been requested, received and verified. The level of references required should be driven by the seniority and risk associated with the post applied for. In accordance with best practice, the Council should obtain references covering a minimum of five years. For roles that carry particularly high risks, the Council should verify ten years of employment history through references. Any gaps in employment history should be investigated proportional to their significance and the results of those investigations recorded, as an illustration that the manager has not simply ignored them..

Response from Nigel Dowey, Head of Employee Service Centre

Issue Accepted.

ESC will develop and circulate a procedure in line with CIPD Guidelines to support gaps in reference history. However, there has to be a cut off point where the risk of appointment is assessed by the manager against the scale of the outstanding gaps and the time being taken to fill them. ESC will be advised by the recruiting manager but will log and report where it feels unreasonable gaps exist that have not been investigated adequately.

3.2.7 We expected that temporary staff be vetted to a Council-set standard prior to employment.

We examined the level of checking carried out on temporary staff and established when pre-employment checks take place in the recruitment process. All temporary staff should be supplied under a contract with Comensura, but it is the original source recruitment agency, managed through a contract with Comensura, that is responsible for carrying out the checks. We expected to find thorough checking processes in place at the source agencies and that Comensura audit the results.

We found that Comensura carry out very thorough audits of a sample of records for each agency supplying staff. In their audit of records as at 13 September 2009, all 49 suppliers were subject to a check and 128 workers files were checked. Following the checks carried out, on 1023 records, 51% of suppliers had failed the audit tests to varying degrees. In the majority of cases, the failure was due to a full reference history not being available for the candidate checked. However,

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- Five cases were highlighted as not having sufficient identification of the candidate on file to confirm their eligibility to work in the UK.
- Five related to out of date CRB checks.
- Three related to out-of-date moving and handling certificates.
- Two related to confidentiality agreements being signed late.

Discussions with the Comensura contract supervisor in the ESC team confirmed that, should a failure be regarded as particularly serious, the supplier would be suspended and no new placements would be accepted. Ongoing placements would still continue, although these placements may be the actual subjects whose records were incomplete and therefore potentially fraudulent. There have been occasions in the past where the removal of all agents supplied by a particular agency had occurred. A recent case in late 2009 found an agency suspended after submitting a worker without adequate checking. In this instance the agency worker had been in a position of dealing with vulnerable customers and had been accused of misconduct.

Further enquiries with Comensura brought clarification as to how potential agency staff are offered to the Council. When a request is submitted to Comensura to provide a temporary worker, the manager submits a list of requirements. These details are passed on to the source agencies who then use an interface screen to enter the candidates details. While doing this, the source agency has to confirm that they hold evidence of the required checks. This evidence can be forwarded to DCC on request, should this be required. Should an agency state that they hold details when they do not, this may be uncovered by Comensura audits at which point the client (DCC) meets with Comensura to discuss what action to take.

This reliance on a third party to carry out checks on agency staff puts the Council at risk of having sensitive data or vulnerable customers being dealt with by staff whose pre-employment checks have not been carried out thoroughly. This creates a risk of misuse of data or inappropriate behaviour towards a vulnerable customer and reputational damage to the Council.

Recommendation 8

Significant

Inadequate pre-employment checks have been carried out by the third party company supplying agency staff.

We recommend that for posts where contact with vulnerable clients is involved, prior to accepting a placement, the recruiting manager requests proof that all relevant checks having been done from the supplying agency. Additionally, where an agency has been found to repeatedly falsify their submissions to Comensura, that a very firm line is taken with a view to suspension.

Any further expenditure with Comensura (eg enhanced contract) should be analysed to ascertain whether it is cost effective.

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Response from Nigel Dowey, Head of Employee Service Centre

Issue Accepted.

ESC will continue to work closely with Comensura to identify and eliminate non-compliant agencies. Currently Hays Recruitment Agency is suspended by Comensura.

The 5 inadequate checks identified in the report were the result of a misunderstanding in which 'right to work' data was held by the supplying agency but was supplied late.

Comensura offer an extra 'safeguarding' service for an extra fee which is used by Coventry City Council and HR Management Team will consider the potential benefits for Derby.

- 3.2.8 We expected that the Council would undertake financial vetting for particularly sensitive roles, where the potential employee has access to Council funds or may take a key role in contract negotiations. CIPD has identified a high correlation between those with high levels of debt and those involved in staff fraud. We expected to see certain posts marked as being financially sensitive roles where it would be inadvisable to employ staff experiencing personal financial difficulties or where their financial status was not stable.

We found that there are no provisions for financial vetting for any role within the Council.

This creates the potential for staff in financial difficulties to be appointed into key posts where they have access to Council funds or could influence contracts without management's knowledge of the risk been undertaken. The employment of staff in financial difficulties increases the risk of fraud, corruption or theft of Council funds.

Recommendation 9

Significant

The Council does not carry out financial vetting of prospective employees for any post.

We recommend that Management determine a policy for financial vetting. Consideration should be given to:

- Designating posts as financially sensitive and keeping the designations under review.
- Defining the checks required.
- Making specific and separate arrangements with an appropriate credit reference agency to carry out these checks
- Updating the pre-employment information to ensure that prospective employees are made aware that the Council undertakes financial vetting.

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Response from Nigel Dowey, Head of Employee Service Centre

Issue Accepted.

It is agreed that checks are not generally carried out although DCC has a contract with Experian and a financial check has been carried out in regard to the current Director of Resources vacancy.

It is intended to build applicant financial vetting into the contract when it is reviewed in February 2011. Posts will be designated financially sensitive at the point that they are advertised by agreement between ESC and the recruiting manager who will be ultimately responsible for the decision. It isn't intended to identify these posts as a bulk, corporate exercise.

Individuals will be notified ahead of the event when a financial check is to be carried out.

3.3 Employee Training

3.3.1 We expected that pre-employment checks would be carried out by suitably trained employees. CPNI Best Practice recommends that these checks are carried out in a central service such as HR to allow a pool of expertise to be established.

We found that the checks were undertaken by the managers supported by the ESC where there is a core of expertise and advice available to those with queries or problems. To carry out recruitment, a manager has to have undertaken DCC recruitment and selection training which involves two elements; - recruiting the right person and interviewing skills. This qualification has to be refreshed every five years for the manager to continue to be involved in the recruitment process. This keeps the managers up-to-date with developments in all aspects of the recruitment cycle. There are over 700 qualified recruiters working for the Council who are involved in recruitment at varying frequencies, and who have different levels of experience. For those managers who are relatively inexperienced and may lack confidence, or for those who may be tempted to short-cut the process, there is the risk that a failure to carry out adequate checks may occur.

An officer from Derbyshire Constabulary has offered document verification training to a limited number of officers at the Council. This is specialist training which would serve to update and develop the skills already held in the Recruitment Team in the ESC. For this to be effective service managers must use the resource in the ESC.

Failure to develop and use expertise in document verification and other aspects of pre-employment training could result in inconsistent standards of pre-employment checking across the Council, enabling a dishonest person to gain employment with the Council without detection. This could result in financial loss or reputational damage for the Council.

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Recommendation 10

Significant

Managers undertake pre-employment checks without specific training and must call on the expertise held in the ESC.

We recommend that:

- A number of central HR officers undertake the training offered by Derbyshire Police and develop their central expertise in areas such as document verification.
- All key documents relating to identity and eligibility should be verified by HR prior to an appointment being made as these are vital to an effective pre-employment check.
- The guidance given to recruiting managers must be reinforced to ensure they are aware of the ESC expertise and call upon this resource if in any doubt over the validity of the documents presented.

Response from Nigel Dowey, Head of Employee Service Centre

Issue Accepted.

It is agreed that managers do not all have specific training although they are supported through recruitment exercises by a Recruitment Advisor and by full on-line guidance. It would, therefore, be highly inefficient to develop a system whereby all pre-employment paperwork had to pass through the HR Recruitment Team.

ESC management will action the recommendations around accessing pre-employment check training for Recruitment Advisors and recruiting managers. Indeed advisors and managers attended a session specifically focussed on identifying fraudulent 'right to work in the UK' documents on August 20th.

The guidance will also be further reinforced to ensure that managers know that Recruitment Advisors will advise on all aspects of recruitment.

The ESC will invest in an Ultra Violet light and a magnifying glass and encourage managers to refer any potentially fraudulent documents for closer examination.

3.4 Effective Use of Pre-employment Checking.

3.4.1 We expected that pre-employment checking would be embedded within Council procedures and that it would be used effectively. In order to do this, we expected to find a standard method of recording the checks carried out and the issues found. CPNI Best Practice recommends the use of a simple pro-forma, which would enable statistics to be kept to measure the effectiveness of the checks carried out.

We found that there is a small section on the Appointment Details Form where a tick is to be placed against a limited number of checks. These checks are:

- First reference.
- Second reference.
- Medical.

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- CRB.
- Children protection – Warner only.
- Driving Assessment.
- Permission to work in the UK (stating that copies of evidence are to be sent to ESC).
- Essential qualifications (stating that copies of evidence are to be sent to ESC).

The Council was therefore unable to measure the effectiveness of the pre-employment checks and did not hold a record of candidates who had been rejected in the past for failing checks.

This puts the Council at risk of carrying out work without measures in place to assess the effectiveness of the work done, or of evidencing that checks were carried out.

Recommendation 11

Significant

The pro forma that is currently used to record pre-employment checks does not meet best practice standards and is not saved with the recruitment documents to provide evidence of the checks having been carried out. The effectiveness of pre-employment checking is not measured or recorded.

We recommend that the pro-forma recommended by CPNI (Appendix B) should be adopted to:

- Provide a record of the checks carried out, to be compiled for future reference.
- Maintain accurate records using a standard format.
- Demonstrate that appropriate checks have been conducted.
- Collate statistics to measure effectiveness.

In particular a list of rejected candidates who failed through the presentation of false information should be maintained to prevent subsequent attempts at gaining employment from going unnoticed.

Response from Nigel Dowey, Head of Employee Service Centre

Issue Accepted.

The pre-employment checking currently undertaken is recorded on the Vision system on the new starter's record. In some cases (eg CRB), this is reported against to identify when the check is due for renewal.

Recruitment Team will, as a new action, maintain a central list with reasons why candidate was rejected - Managers need to inform Recruitment if they do have anyone producing false/incorrect documents - this will be added to the guidance. The Recruitment Team will check all successful candidates against the list before starting clearances.

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3.5 Employee Monitoring

3.5.1 We expected that there would be a policy or procedure in place for the ongoing monitoring of staff post appointment.

We found that there was no policy or procedure in place to record updated information relating to staff. Any significant changes to the circumstances of the employee are only recorded when volunteered by that individual. Best Practice suggests that this is particularly important to ensure consistency and to safeguard the Council against fraud or theft committed by staff. Personal and financial circumstances change for all employees over time, and the situation which existed at the time of their initial appointment when checks are made, may no longer apply. Additionally, staff may move from their first post to another post which has different requirements of the individual in that role, but no further checks are carried out except for those jobs which require CRB. The Council's Code of Conduct requires staff to be honest in their dealings with the Council, but does not encourage them to update their managers should their personal circumstances change.

In a report from KPMG to Lambeth Council the suggestion was made that their Code of Conduct includes the requirement that staff do not owe money to the Council. If adopted in Derby this may be seen as putting Derby residents at a disadvantage. However, it is an indication of how seriously employee indebtedness and potential fraud is taken.

Ongoing monitoring of all staff would be an onerous and expensive task, as well as being intrusive. This report has already identified that some posts should be designated as financially sensitive and where financial vetting would be appropriate prior to appointment. (Recommendation 7) For these posts, ongoing monitoring of the post-holders' financial status should also be considered.

The Council is already in possession of some limited financial data relating to staff, in particular records relating to Court activity taken against employees and the operation of CCJ's and Attachments of Earnings through the Payroll system. A limited form of monitoring of the financial status of this limited group of staff could be carried out without any measures being undertaken which may be considered intrusive or which may prove costly. Holders of these posts should be made aware, and reminded at regular intervals, that the Council will be carrying out these checks.

Additionally, some posts involve contact with the vulnerable, sometimes in their own homes. In these cases a different form of monitoring should be considered. For these posts, staff should be informed that they are required to keep the Council informed should they be convicted or cautioned for any offence against the person, or any form of dishonesty which may make the employee unsuitable for contact with the vulnerable. Records of these convictions and cautions should be dealt with in accordance with the Council Policy on employing people with Criminal Convictions (<http://derbynet/derbynet/download.asp?refnum=697>).

If such information is not collected in relation to staff, an employee whose circumstances have changed since appointment may be transferred into, promoted into or left in a role for which they are no longer suitable. This presents

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a risk to the Council of having an employee in an unsuitable post where they may be tempted into wrongdoing.

Recommendation 12

Merits Attention

There is no policy or procedure in place to record updated information relating to current employees, particularly those whose roles may be designated as either financially sensitive or where they may be required to be in direct contact with vulnerable citizens.

We recommend that financial monitoring of relevant designated post-holders takes place based on records already held by the Council, and, in addition, that the Code of Conduct be updated to include the requirement to notify the Council where an employee is convicted or cautioned for offences which may jeopardise their professional relationship with the Council's customers or the Council's reputation. A regular reminder to staff of their responsibilities under the Code of Conduct needs to be put in place. This would ensure that employees remain fit and proper for the role that they are performing.

Response from Nigel Dowey, Head of Employee Service Centre

Issue Accepted.

Financial monitoring of existing employees would be a whole new area of activity for HR. The idea will be discussed at HR Management Team to consider how far such vetting might go – family etc - how this information would be used – would employee lose job - and whether there are potential 'harassment in the workplace' issues.

The Code of Conduct is being updated as part of the policy review work being carried out by HR. See Item 1.

- 3.5.2 We expected that the Council would have put measures in place to ensure legal compliance to the Immigration, Asylum and Nationality Act 2006 in respect of the prevention of illegal working. This provision requires that all pre-employment screening carried out after 29 February 2008, and, if any in-employment screening is carried out, that these steps should include the check on the current proof of the right to work in the UK.

We found no ongoing checks were being carried out for staff already employed.

This puts the Council at risk of failing to meet this legal requirement which could result in a criminal offence being committed. Independent checks are carried out by the Audit Commission which could highlight the lack of action in this respect.



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Recommendation 13

Merits Attention

There is no ongoing mechanism to review the status of ongoing employees in terms of their right to work in the UK.

We recommend that management carry out a review on a test sample of the current workforce to ensure that they still have the right to work in the UK. This would help ascertain whether a full review would be a worthwhile exercise.

Response from Nigel Dowey, Head of Employee Service Centre

Issue Accepted.

ESC management feel that even a sample review would be onerous and resource hungry and would like to be more confident that there is value to the work before embarking upon it. There is nothing in the CIPD Guidelines to recommend this approach. Alternatively, the ESC proposes to set up a database of time limited right to employment cases and remind managers at the appropriate time of the need to get renewed details

4 Conclusions

4.1 Assessment of Control Environment

- 4.1.1 From our findings, relative to the scope of this audit, we have determined that the overall level of control is unsatisfactory. That means that the risks identified within this audit are unacceptable and significant changes should be made.
- 4.1.2 From the 25 key controls evaluated in this audit review, 1 was considered to provide adequate control and 24 contained weaknesses.
- 4.1.3 This report contains 13 recommendations, 7 are considered significant, 6 merits attention, and none are considered to be fundamental.
- 4.1.4 Management and the Audit and Accounts Committee should note that there are no adverse implications for the Council's Annual Governance Statement arising from this work.

4.2 Benefits from Control Improvements

- 4.2.1 If management propose actions to address our recommendations and resolve the control weaknesses highlighted in our findings, it could be said that once successfully implemented:
- Checks may be carried out with the full knowledge and acceptance of applicants. Knowing that checks are routinely and regularly carried out and recorded should act as a deterrent to those who provide false or exaggerated information when applying for posts.
 - Checks will reduce the risk of fraud, terrorism, illegal working or employing people who go on to commit theft.
 - Checks will follow Best Practice and will help recruiters ensure that the person appointed most closely and accurately fits the requirements of the post.
 - Agency staff will be checked as thoroughly as our permanent staff, so customers will be treated with the same level of professionalism and security, reducing risk to the vulnerable clients.
 - A core of expertise in carrying out checks will be built up so that the checks carried out will be done with the appropriate degree of thoroughness and accuracy.
 - Checks will be recorded so as to inform the recruitment process in the future.
 - There will be an ongoing mechanism for recording intelligence relating to current staff so that changes to personal circumstances which may affect their ongoing suitability for particular roles can be assessed and dealt with in a sensitive and consistent manner.
- 4.2.2 All 13 of the control issues raised within this report have been accepted and positive action has been agreed to be taken to address all issues. Positive action in respect of 2 recommendations will be completed by the end of September 2010. Another recommendation will be addressed by the end of November 2010



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and the remaining 10 recommendations will be addressed by the end of March 2011.

- 4.2.3 We will endeavour to follow up the implementation of our recommendations, or any agreed alternative actions, with the relevant responsible officers, as soon as is practicable, after the target implementation dates.

5 Appendices

5.1 Appendix A – Response Matrix

Rec Ref	Control Rating	Control Issue	Issue Accepted	Recommendation	Action Details Inc. alternative solution (If no action please state reasons)	Officer Responsible (email address only)	Action Date
1	Merits Attention	The Council's corporate guidance on pre-employment checks was not available to potential applicants and did not include all of the best practice elements.	Yes	<p>We recommend that the Council's corporate guidance on pre-employment checks is updated and made widely available for reference both on the Council's intranet and on the Council's external website with an automated link from the on-line job application form so that applicants are made aware that checks will be made on all information provided. The guidance should:</p> <ul style="list-style-type: none"> • Include all best practice elements. • Emphasise the need to protect the rights of individual applicants as well as the right of the Council to expect honest dealing on the part of its employees as outlined in the code of conduct. <p>Management should also review the guidance regularly and keep it updated for any procedural changes.</p>	This recommendation is already partially carried out. Updated policy, procedure and associated guidance is timetabled in as part of a wider HR review.	Mark.edwards@derby.gov.uk	31/03/2011

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Rec Ref	Control Rating	Control Issue	Issue Accepted	Recommendation	Action Details Inc. alternative solution (If no action please state reasons)	Officer Responsible (email address only)	Action Date
2	Significant	The guidance on pre-employment checks given to recruiters is incomplete and does not meet CPNI Best Practice standards in relation to checking the applicant's history.	Yes	<p>We recommend that the Council adopts the provisions of the CPNI Good Practice Guide as recommended by Derbyshire Constabulary and provides guidance on:</p> <ul style="list-style-type: none"> Ensuring that the identity of the person presenting themselves for interview and employment is verified (although, many of the checks in relation to verifying eligibility to work in the UK may also serve to evidence the identity of the applicant or employee). Verifying details of previous employment when this was done overseas. If verification cannot be obtained, the manager needs to record the attempts made and the reasons why this was not pursued (even if this is simply because the task was not proportional to the risk it presented). Checking previous employment history. As references are only taken from the current or last employer, any employment record prior to this which may have significance is not taken into account, and gaps in employment should be investigated. Requiring candidates to give any other names they have used. Checking potential employee records against National Insurance records. This should only be done for cases where the candidate presents two different NINO's as part of their application which cannot be easily explained, or where the recruiter has major concerns. Managers in this position should contact ESC who will carry out these checks. <p>Please note – the availability of the CRB website guidance referred to on the Recruitment and Selection page on Derbynet should be reinforced so it confirms that this guidance should be used even where no CRB check is required. (However, the guidance is not accurate when checking older birth certificates and recruitment advisors should be made aware of this.</p>	<p>The audit has been carried out at a time of significant logistical and cultural change in the organisation. The recently integrated HR division is currently working with managers to support them to better discharge their 'people management' responsibilities. A key area of this is around pre-employment checking. Much progress has been made since November 2009 when the ESC came into being but such change takes time. For example, since the Audit commenced, the guidance on pre-employment checks has been completed.</p> <p>Currently pre-employment checking is monitored by the ESC Recruitment Team which supports individual managers through each recruitment exercise. The managers themselves though take ultimate responsibility for the decisions they make and each case is risk-assessed on its merits. This is consistent with the CIPD - Chartered Institute of Personnel and Development - guidelines.</p> <p>It is intended to use these audit recommendations to help take recruiting managers to the next level of diligence and awareness when recruiting staff. The basic model of managers taking responsibility for their recruitment decisions supported by HR advice and guidance will continue to be embedded and recommendations that involve duplicate checking and the sharing of accountability will not be progressed.</p> <p>Regarding the specific points in this section;</p> <ul style="list-style-type: none"> The identity of the person presenting themselves for interview is verified by the checks in relation to verifying eligibility to work in the UK which are already done. Managers will attempt to verify details of previous employment overseas but will balance the value of this against the needs of the business. Managers will be expected to request 5 years worth of references and investigate gaps in employment. We do ask for 'previous surname' on the 'New Starter Details' form and have now amended the form to capture all previous names. National Insurance checks will be made available as required Jobsite, application form and guidance to be amended to reflect the improving practices. <p>It is suggested that future audits of front line services look at managers' compliance with their people management responsibilities - in the way that the CQC Inspectorate do with AHH managers - thereby helping to identify areas where improved vigilance / guidance is required.</p>	Nigel.dowey@derby.gov.uk	31/03/2011

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Rec Ref	Control Rating	Control Issue	Issue Accepted	Recommendation	Action Details Inc. alternative solution (If no action please state reasons)	Officer Responsible (email address only)	Action Date
3	Merits Attention	The guidance on pre-employment checks given to recruiters is incomplete and does not meet CPNI Best Practice standards in relation to checking for false documentation.	Yes	<p>We recommend that the Council adopts the provisions of the CPNI Good Practice Guide and provides guidance on how to identify false:</p> <ul style="list-style-type: none"> • Documents produced as proof of identity. • Qualification records. • References. 	<p>Guidance is currently provided via a link to the page on the CRB website where universal information on how to check identity documents is available. This has recently been improved to include links to a guide to preventing illegal working and a passport checking document. The same guidance is available for managers directly from the Recruitment Team.</p> <p>Managers and ESC staff also attended a presentation recently given by the 'right4staff group' entitled 'Right to Work in the UK Guidance' and ESC has asked Richard Boneham to pursue the offer of further training for managers in identifying fraudulent documents from Derbyshire Police.</p> <p>The policy and guidance being developed in relation to Item 1 above will further support the communication of good practice.</p>	Nigel.dowey@derby.gov.uk	31/3/2011
4	Merits Attention	The guidance on pre-employment checks given to recruiters is incomplete and out-of-date, and does not incorporate all elements of good practice recommended in the CPNI Best Practice standards.	Yes	<p>We recommend that the following elements of good practice identified in the CPNI guide are adopted by the Council:</p> <ul style="list-style-type: none"> • Ensuring a signature is acquired from those interviewees who have applied electronically. • Identify the actions to be taken where false details are submitted as part of an application and how to report this. • Strengthening the validity of the evidence provided by noting that good practice indicates managers request sight of the evidence provided on more than one occasion i.e. at interview and on the first day of employment. <p>Additionally the guidance provided on Permission to Work in the UK should be updated to reflect current requirements.</p>	<p>A signature is currently acquired on the returned offer letter plus, where a CRB is required, a further signature is required there. To print off the on-line application form to get another one would undermine the efficiency benefits of the technology being employed.</p> <p>ESC will recommend to managers that they ask new employees to re-present their 'right to work' document(s) on day one but this isn't an action that will be monitored, recorded or chased up. It is simply to be applied for deterrent purposes.</p> <p>A register of incidents where false documents are identified will be developed and the guidance has been updated and will be continually reviewed.</p>	Nigel.dowey@derby.gov.uk	31/03/2011
5	Significant	From the records held in personal files by the ESC there is insufficient evidence to demonstrate that the required level of pre-employment checking has been carried out by management.	Yes	<p>We recommend that the ESC do not progress appointments until management has undertaken appropriate pre-employment checks. Evidence of these checks having taken place should be retained in a standard format (see Recommendation 9). ESC management should undertake spot checks to ensure that pre-employment checks are been carried out appropriately and consistently. Additionally, where managers do breach the requirement for checks, the ESC Manager should notify the appropriate service Director.</p>	<p>ESC currently does not progress appointments without evidence of appropriate pre-employment checks unless senior approval to do so is provided. When this happens, a system is currently being developed where such cases are reported to DMTs for information.</p> <p>ESC management does not feel it appropriate to introduce spot checks on managers. ESC's role is to provide guidance, monitor and report. Therefore it is proposed instead to develop a database of non-compliance.</p>	Nigel.dowey@derby.gov.uk	30/09/2010

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Rec Ref	Control Rating	Control Issue	Issue Accepted	Recommendation	Action Details Inc. alternative solution (If no action please state reasons)	Officer Responsible (email address only)	Action Date
6	Merits Attention	The Council's standard pro-forma reference request does not ask for all the information recommended in the CIPD Best Practice guidelines.	Yes	<p>We recommend that the reference request document in use be revised to meet CIPD Best Practice guidelines. The revised pro forma document should be enhanced to include closed questions that focus on:</p> <ul style="list-style-type: none"> • Dates of employment. • Details of salary. • Reason for leaving. • Whether dismissed. • Whether the applicant was suspected of dishonesty or breach of trust. • Reliability of the applicant. 	The standard pro-forma reference request has been updated to reflect the CIPD Best Practice recommendations	Nigel.dowey@derby.gov.uk	03/09/2010
7	Significant	The Council does not obtain previous employment references covering a sufficient period time and gaps in employment history are not robustly investigated.	Yes	We recommend that where previous employers will not respond to the Council's reference requests, alternative evidence of dates of employment should be obtained through bank statements, wage slips or an HMRC statement. If possible, an employee should not start their new job until references have been requested, received and verified. The level of references required should be driven by the seniority and risk associated with the post applied for. In accordance with best practice, the Council should obtain references covering a minimum of five years. For roles that carry particularly high risks, the Council should verify ten years of employment history through references. Any gaps in employment history should be investigated proportionally to their significance and the results of those investigations recorded, as an illustration that the manager has not simply ignored them.	Agreed - ESC will develop and circulate a procedure in line with CIPD Guidelines to support gaps in reference history. However, there has to be a cut off point where the risk of appointment is assessed by the manager against the scale of the outstanding gaps and the time being taken to fill them. ESC will be advised by the recruiting manager but will log and report where it feels unreasonable gaps exist that have not been investigated adequately.	Nigel.dowey@derby.gov.uk	31/03/2011
8	Significant	Inadequate pre-employment checks have been carried out by the third party company supplying agency staff.	Yes	<p>We recommend that for posts where contact with vulnerable clients is involved, prior to accepting a placement, the recruiting manager requests proof that all relevant checks having been done from the supplying agency. Additionally, where an agency has been found to repeatedly falsify their submissions to Comensura, that a very firm line is taken with a view to suspension.</p> <p>Any further expenditure with Comensura (eg enhanced contract) should be analysed to ascertain whether it is cost effective.</p>	<p>Agreed. ESC will continue to work closely with Comensura to identify and eliminate non-compliant agencies. Currently Hays Recruitment Agency is suspended by Comensura.</p> <p>The 5 inadequate checks identified in the report were the result of a misunderstanding in which 'right to work' data was held by the supplying agency but was supplied late.</p> <p>Comensura offer an extra 'safeguarding' service for an extra fee which is used by Coventry City Council and HR Management Team will consider the potential benefits for Derby.</p>	Nigel.dowey@derby.gov.uk	31/3/2011

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Rec Ref	Control Rating	Control Issue	Issue Accepted	Recommendation	Action Details Inc. alternative solution (If no action please state reasons)	Officer Responsible (email address only)	Action Date
9	Significant	The Council does not carry out financial vetting of prospective employees for any post.	Yes	<p>We recommend that Management determine a policy for financial vetting. Consideration should be given to:</p> <ul style="list-style-type: none"> Designating posts as financially sensitive and keeping the designations under review. Defining the checks required. Making specific and separate arrangements with an appropriate credit reference agency to carry out these checks Updating the pre-employment information to ensure that prospective employees are made aware that the Council undertakes financial vetting. 	<p>Agreed that checks are not generally carried out although DCC has a contract with Experian and a financial check has been carried out in regard to the current Director of Resources vacancy.</p> <p>It is intended to build applicant financial vetting into the contract when it is reviewed in February 2011. Posts will be designated financially sensitive at the point that they are advertised by agreement between ESC and the recruiting manager who will be ultimately responsible for the decision. It isn't intended to identify these posts as a bulk, corporate exercise.</p> <p>Individuals will be notified ahead of the event when a financial check is to be carried out.</p>	Nigel.dowey@derby.gov.uk	31/03/2011
10	Significant	Managers undertake pre-employment checks without specific training and must call on the expertise held in the ESC.	Yes	<p>We recommend that:</p> <ul style="list-style-type: none"> A number of central HR officers undertake the training offered by Derbyshire Police and develop their central expertise in areas such as document verification. All key documents relating to identity and eligibility should be verified by HR prior to an appointment being made as these are vital to an effective pre-employment check. The guidance given to recruiting managers must be reinforced to ensure they are aware of the ESC expertise and call upon this resource if in any doubt over the validity of the documents presented. 	<p>Agreed that managers do not all have specific training although they are supported through recruitment exercises by a Recruitment Advisor and by full on-line guidance. It would, therefore, be highly inefficient to develop a system whereby all pre-employment paperwork had to pass through the HR Recruitment Team.</p> <p>ESC management will action the recommendations around accessing pre-employment check training for Recruitment Advisors and recruiting managers. Indeed advisors and managers attended a session specifically focussed on identifying fraudulent 'right to work in the UK' documents on August 20th.</p> <p>The guidance will also be further reinforced to ensure that managers know that Recruitment Advisors will advise on all aspects of recruitment.</p> <p>The ESC will invest in an Ultra Violet light and a magnifying glass and encourage managers to refer any potentially fraudulent documents for closer examination.</p>	Nigel.dowey@derby.gov.uk	30/11/2010

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Pre-Employment checks

Rec Ref	Control Rating	Control Issue	Issue Accepted	Recommendation	Action Details Inc. alternative solution (If no action please state reasons)	Officer Responsible (email address only)	Action Date
11	Significant	The pro forma that is currently used to record pre-employment checks does not meet best practice standards and is not saved with the recruitment documents to provide evidence of the checks having been carried out. The effectiveness of pre-employment checking is not measured or recorded.	Yes	<p>We recommend that the pro-forma recommended by CPNI (Appendix B) should be adopted to:</p> <ul style="list-style-type: none"> Provide a record of the checks carried out, to be compiled for future reference. Maintain accurate records using a standard format. Demonstrate that appropriate checks have been conducted. Collate statistics to measure effectiveness. <p>In particular a list of rejected candidates who failed through the presentation of false information should be maintained to prevent subsequent attempts at gaining employment from going unnoticed.</p>	<p>The pre-employment checking currently undertaken is recorded on the Vision system on the new starter's record. In some cases (e.g. CRB), this is reported against to identify when the check is due for renewal.</p> <p>Recruitment Team will, as a new action, maintain a central list with reasons why candidate was rejected - Managers need to inform Recruitment if they do have anyone producing false/incorrect documents - this will be added to the guidance. The Recruitment Team will check all successful candidates against the list before starting clearances.</p>	Nigel.dowey@derby.gov.uk	31/03/2011
12	Merits Attention	There is no policy or procedure in place to record updated information relating to current employees, particularly those whose roles may be designated as either financially sensitive or where they may be required to be in direct contact with vulnerable citizens.	Yes	<p>We recommend that financial monitoring of relevant designated post-holders takes place based on records already held by the Council, and, in addition, that the Code of Conduct be updated to include the requirement to notify the Council where an employee is convicted or cautioned for offences which may jeopardise their professional relationship with the Council's customers or the Council's reputation. A regular reminder to staff of their responsibilities under the Code of Conduct needs to be put in place. This would ensure that employees remain fit and proper for the role that they are performing.</p>	<p>Financial monitoring of existing employees would be a whole new area of activity for HR. The idea will be discussed at HR Management Team to consider how far such vetting might go – family etc - how this information would be used – would employee lose job - and whether there are potential 'harassment in the workplace' issues.</p> <p>The Code of Conduct is being updated as part of the policy review work being carried out by HR. See Item 1.</p>	Nigel.dowey@derby.gov.uk Mark.edwards@derby.gov.uk	31/03/2011
13	Merits Attention	There is no ongoing mechanism to review the status of ongoing employees in terms of their right to work in the UK.	Yes	<p>We recommend that management carry out a review on a test sample of the current workforce to ensure that they still have the right to work in the UK. This would help ascertain whether a full review would be a worthwhile exercise.</p>	<p>ESC management feel that even a sample review would be onerous and resource hungry and would like to be more confident that there is value to the work before embarking upon it. There is nothing in the CIPD Guidelines to recommend this approach. Alternatively, the ESC proposes to set up a database of time limited right to employment cases and remind managers at the appropriate time of the need to get renewed details</p>	Nigel.dowey@derby.gov.uk	31/03/2011



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5.2 Appendix B – Proforma CPNI – Verification record

1. Employee/Applicant details

Surname:.....Forenames:.....
Address:.....
.....
.....Tel No:.....
Date of birth:..... Place of birth:
Nationality:.....
Former or dual nationality:.....(with dates if applicable)

2. Certification of identity

Document:	Date of issue:
a.	
b.	
c.	
d.	

3. References (if taken)

a. Referee:.....
Relationship:.....
Address:.....
.....
..... Length of association:.....
b. Referee:.....
Relationship:.....
Address:.....
.....
..... Length of association:.....
c. Referee:.....
Relationship:.....
Address:.....
.....
..... Length of association:.....

4. Other information (i.e. verification of employment history (past 3 years); verification of nationality and immigration status; unspent criminal record declaration and independent verification via Disclosure Scotland or Access NI (where undertaken); academic certificates seen; additional checks carried out; etc):

I certify that in accordance with company policy:



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I have personally examined the documents listed at 2 above and have satisfactorily established the identity of the above named employee/applicant.

I have obtained the references (if taken) and information listed at 3 and 4 above and can confirm that these satisfy the requirements.

Name:.....

Appointment/Post:.....

Signature:.....Date:.....

Important: Data Protection Act (1998). This form contains “personal” data as defined by the Data Protection Act 1998. It has been supplied to the appropriate HR or Security authority exclusively for the purpose of recruitment. The HR or Security authority must protect the information provided and ensure that it is not passed to anyone who is not authorised to see it.