



VERIFILE
Accurate data. Meaningful relationships.

Background screening. A handbook.





Accurate data.
Meaningful
relationships.



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Why we wrote this handbook

Background screening is vital to keep your business running smoothly and profitably. It supports the on-boarding process and helps your business continue working with the right candidates, contractors, suppliers and customers.

In this handbook we cover the most common ways our clients use background screening, so it offers you fresh ideas on how background screening can help your business.

Recruitment of staff is where most businesses carry out background screening. This can be quite a complex process when you take into account candidates who may be from or who have lived overseas, or if legislation that your sector may be required to follow sets out specific requirements.

But screening shouldn't end once a new employee is in place. Post-employment screening gives you an insight into changes in an employee's circumstances that may pose a risk to your business. This becomes particularly important if your employees carry out regulated duties.

Post and pre-employment screening, means you can mitigate the reputational and financial risks of a bad hire, wherever your business operates globally and across all of your subsidiary companies.

It's not just about employees

Consider instructing a new vendor or supplier, only to find they go bust a week later. A supplier of materials will affect your product flow, an IT supplier may prevent you from taking orders, for example. Either way, the impact to your business could be devastating. Background

“ Post and pre-employment screening, means you can mitigate the reputational and financial risks of a bad hire ”

screening will help reveal in advance important aspects about potential new suppliers, not just their financial stability.

But it's not just the companies themselves that you may need to verify. Employees of those businesses and contractors may need access to your sensitive information or premises. Screening supplier staff and contractors, therefore, is vitally important to maintain robust data protection and trust from your own customers or clients.

On the flip-side, background screening of customers, be they companies or individuals, helps you decide if it's safe to provide goods or services ahead of invoicing, or enter into another type of financial agreement with them such as lending.

Whether you're seeking to employ permanent or temporary staff, hire contractors, instruct a new vendor or supplier, or take on a new customer, this *Background Screening Handbook* will help show you the ways you can gain the peace of mind needed to know any new professional relationship is built on strong foundations.

Background screening is a people business

When I founded Verifile, I wanted to create a people-led background screening company that made the most of the latest technology, and delivered services that gave businesses the support needed to create trusted relationships with employees, partners and suppliers.

To this day, both myself and the team here at Verifile remain passionate about creating transparency within a workforce, consistently seeking new ways to bring together highly skilled humans and technology to achieve this.

Verifile – born from necessity

In 2003, Saguy Unger, a driver working for Brinks Israel, the armed security provider, simply drove away with nearly five million shekels.

Unger's real name was Ilan Kupperman-Segal. He had used a false identity to mask a criminal record. Brinks' sophisticated pre-employment screening processes, to be expected at a company where staff carry automatic weapons, had failed because the obvious first step of checking Unger's identity had been overlooked.

Days later, also in Israel, I was preparing to move to England to begin studying for an MBA at Cranfield University. This required me to change the address on my identity card. This seemingly simple process had me standing in line for three hours.

The combination of the two events got me thinking; there was an imbalance between the scrutiny and bureaucracy involved with a simple change of address, and the lack of attention during a recruitment process which allowed someone to commit armed robbery.

An idea starts to form

I was intrigued and while working toward my MBA I researched the market for employment screening, testing new ideas for a smoother, more efficient process. Having secured my MBA, equipped with an extensive award-winning business plan and with investors and my first client in place, I set about turning theory into reality and Verifile was born.

That first client is still with us today and many others have also joined them in asking our team of over





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100 highly qualified multilingual experts to support their employee onboarding processes, vendor and supplier vetting, and screening of contractors and customers.

We've come along way since I was stood waiting to change my address in 2003, but one thing is certain, background screening is a people business and whether they're clients or candidates, people are at the centre of everything we do.

Eyal Ben Cohen
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“ You need to know that the person in front of you is who they claim to be ”



Screening of permanent employees



Pre-employment screening is where most businesses first encounter a screening provider like Verifile. Whether you're screening one new hire per year or bringing in hundreds of new members of staff every month, engaging a screening provider suggests you're taking the risks of recruitment sufficiently seriously.

You need to know that the person in front of you is who they claim to be. Anyone being economical with the truth represents a risk within your workforce. The scope of that risk ranges from merely being an untrustworthy person to have around, through to being someone who will cause you to breach regulatory standards or who will act in a criminal fashion while employed by you.

The fall-out from such incidents can be significant. There can be a financial cost, a reputational cost, maybe even a human cost. Some of these are obvious; some are more hidden. Either way, there is a huge benefit to be had from getting your recruitment right at the first time of asking. With hundreds of different types of checks available in countries around the world, effective pre-employment background screening can help reduce the risk of hiring the wrong person.

But this only tells part of the story of how background screening can help protect your business. The checks you run on a potential new recruit can be run again on a regular basis, to monitor whether their circumstances have changed. Consideration should also be given to those people who don't appear on your payroll but work for you nonetheless, whether on a temporary or contract basis.

And what about the businesses you work with; your suppliers and their staff who have access to your premises and your data? What about prospective customers? Wouldn't you like to be as reassured about them as you are about your employees?

And even if you think your screening is as watertight as it can be, how confident are you in your ability to screen to the same level overseas, in all the countries you're operating in or from – or that any subsidiary businesses of yours are screening to a similarly high standard? The potential applications of comprehensive background screening extend far further than the traditional, full-time, contracted workforce.

Screening of temporary employees

Keen to retain flexibility within their workforce while also restricting their permanent staff costs, businesses across many different sectors are happy to use temporary staff, brought in via a temping agency, as and when needed. High quality temps, available at short notice and able to slot straight into a particular job, can be a valuable resource for employers to draw upon.

However, the urgency which often accompanies their arrival – covering for sick employees, for example; responding to customer or seasonal demand; or being required for short notice project work – means that background screening can sometimes be compromised.

To do their jobs properly, temporary employees will typically have the same levels of access to your systems, assets and data as any other fully contracted employee. The scope for them acting inappropriately – anything from corporate espionage and fraud through to working with invalid qualifications – is significant. But in the rush to get someone in place, the trade-off may be to skip the background checks that might have otherwise raised suspicions.

Many employers will try to mitigate these risks by asking their temp agency to screen potential temps in advance, to a pre-defined standard. Even though some make this a contractual stipulation, it's surprising how few follow through on this, checking whether the agency has fully complied with what's required of it. Fewer still insist on the agency's use of a specific background screening provider who they have come to trust.

The challenge with screening temporary workers is that they can have a very fragmented work

history which can prove difficult to piece together and verify. They may have worked for several different agencies and with dozens of businesses (some of which they might not even remember any more), spanning periods of near-permanent employment and lengthy spells of inactivity.

It's important to remember to follow the money, in terms of who has been paying them, in order to verify their work history. While they may have worked *with* numerous businesses, they technically worked for the temping agency, so it's here that attention must be focused.

Bearing in mind the need to have people in place quickly, a long drawn out and laborious process is something that many employers will want to avoid. The danger here is of screening stopping short, information being taken at face value and plans for further investigation being shelved – all in the interests of expediency. The typical need for speed therefore represents a significant risk that employers can expose themselves to when using temporary workers.

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Continuous staff monitoring

Across the background screening industry, demand for post-employment screening is steadily growing, although it still only represents a small part of the overall market. Post-employment screening involves re-running certain background checks on existing employees, looking for changes in their personal circumstances. The employers going down this route are those who now acknowledge that failing to undertake regular re-checks of employees could represent a significant risk to their business.

Pre-employment checks – while incredibly valuable – are nevertheless frozen in a moment in time. At any point after their first day in your organisation, an employee's circumstances could change, meaning they may subsequently fail to meet the pre-employment screening criteria you had in place when they joined.

They may have picked up a criminal record, a County Court Judgement or been declared bankrupt. They may have accrued points on their driving licence or even been disqualified from driving. But how would you know? They may be dealing with family issues, ill-health, addiction, debt or suffering a marriage breakdown; highly personal issues which may put them under pressure and lead them to act inappropriately.

The employee who sailed through pre-employment screening now represents a very real threat to the health of your business. But again, without any ongoing monitoring, how would you know? That's why it's worth revisiting those checks which may reveal new information, such as credit, criminal, driving licence or social media checks.

Stripping away some of the more sinister reasons, an extra layer of top-up screening may simply be required when an existing employee moves into a new role or is promoted (although there's an argument for saying that this is technically pre-employment screening being run all over again – but with an internal recruit moving into a new job).

In a regulated industry such as Financial Services, such a move may bring an employee within the remit of the Senior Managers and Certification Regime for example, making the additional screening a statutory requirement. However, without a regulatory prompt like this, many businesses appear to remain sceptical about the value of post-employment screening.

The reasons for this vary. In some companies, once the employer feels comfortable enough to hire someone,





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their ability to do their job effectively is the only ongoing concern that seems to matter. And in larger companies in particular, continued monitoring can seem like too big an undertaking to consider. Here, the occasional rogue employee is simply lost in the crowd.

In both cases, businesses seem happy to accept the risk of not monitoring their workforce on an ongoing basis in return for avoiding the cost of running a post-employment screening programme. That's a brave stance.

Within the regulated industries, the frequency with which re-screening must be undertaken is mandated by law. In other industries, businesses should aim for whatever frequency they feel most comfortable with, focusing on the checks that are either required or most valuable. But they really should be doing *something*. The risks posed by an unsuitable employee who's already within the workforce are too significant to gloss over.





Contractor screening

Contractors are typically used by businesses to provide a variety of high-end, specialist services. As such, many of them enjoy significant levels of access to critical systems, assets and data. Yet, despite this, they're not always subjected to the rigorous checks (pre- or post-employment) that a full-time employee might be.

The reasons for this potential oversight vary. There's the usual challenge of not wanting the expense of screening someone who doesn't really work for you, especially if you only plan to engage them on a short-term basis. When a contractor comes from another business (as opposed to being self-employed), screening might be thought of as someone else's responsibility. Or, where a contractor has been in place for a significant period of time or is held in particularly high regard, we sometimes hear that continued monitoring might not feel appropriate.

Whatever the reason (or excuse), the fact remains that contractors can hold privileged positions within your business. Due to their specialised skills, they might even have more access to your data than a regular employee. Nevertheless, they're unlikely to have the same loyalty to the business that a full employee

hopefully has. Remembering that contractors are employed to get in, do a job and then get out again, you can't always assume that they have your business' best interests at heart.

Based on the risk this presents, contractors should be subjected to as much background screening as any equivalent employee – or maybe even more.

Plenty of contractors and their agencies appreciate this and now have screening processes of their own in place to proactively head off any concerns before they arise (although you may still want to audit how thorough these processes are). However, where no such processes exist, you should be aware that screening a contractor does present certain challenges.

That's because some of the questions that can be asked of a payrolled employee don't necessarily work when posed to a contractor, for several reasons. They may work piecemeal across different contracts for example; they might use an umbrella organisation for financial purposes; they might be a sole trader or a limited company; they may work through a

third party. While some checks – such as confirming identity or someone's right to work in the country – remain straightforward, these additional considerations – can complicate the process of establishing employment history, references (who have they worked for?) or their financial background.

Recently, the rise of the gig economy has begun to further muddy the waters when thinking about appropriate levels of screening. That's because the increased popularity of this type of working can result in highly skilled contractors engaging with your business on a very temporary basis and lower skilled temp workers being engaged as self-employed contractors.

However, regardless of what we might call these workers or how they enter your business, one point remains constant. In addressing all the employment considerations mentioned above, the trick lies in having a screening process flexible enough to account for the subtle employment differences created by working as a contractor. Quite simply, you have to think of them very differently to your traditional employees.



Screen globally like a local

Employment truly is a global undertaking nowadays. But it's also something that can be fraught with danger for an unwitting employer venturing into the world of international background screening for the first time.

The catalyst here could be that you want to bring staff in from other countries; to recruit for satellite offices or subsidiaries abroad; or to streamline existing recruitment and screening policies worldwide.

Whatever the motivation, you soon come to realise that the challenges associated with background screening on an international level are significant.

Language, culture, local laws, protocol and etiquette are just some of the factors that can add huge complexity into the screening process. Being unaware of – or unable to cope with – these factors can be, at best, a source of frustration and delays. In the worst-case scenario, it could result in you employing an unsuitable candidate (the sort of person who would have been exposed with ease in your home country) or acting illegally.

Language is the most obvious barrier to effective international screening. Being unable to communicate effectively may oblige you to take a candidate's documents at face value, unable to investigate or validate them correctly. This can expose you to issues around diploma or accreditation mills, fake references or qualifications which are incorrectly passed off as an acceptable equivalent to a UK qualification. Clearly, having native or multi-lingual speakers involved in this process is therefore essential in order to appropriately challenge candidates, documents and data sources as well to correctly interpret check results.

Then there's the loss of your typical reference points to bear in mind. The bodies who you approach for information in the UK might not have an equivalent in the countries you're dealing with. The way they handle documents may be different – and the processes for handling the whole enquiry almost certainly will be.

That's one reason why background screening best practice can vary wildly from one country to another. Furthermore, local laws will affect the

checks you can or cannot ask for, how you're supposed to phrase the questions you ask, what you can do with the results and how you handle the data you generate.

While this can be challenging, screening in countries without a developed legal framework can be even more of a minefield. In such cases, the degree to which you understand the cultural niceties around how checks are conducted can make all the difference between a successful outcome and the shutters being politely but firmly pulled down. Even something as simple as abusing the usual etiquette of not constantly chasing for results – if that's frowned upon in a particular country – could be all that's needed to bring the process to a shuddering halt.

The usual mantra of your checks only being as good as the sources they rely upon most definitely applies to international screening. But it's equally important to be well briefed on, and respectful of, the many ways in which screening in other countries differs from your own.



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Screening across subsidiary businesses

When your business grows to the point where it owns subsidiary businesses – either at home or abroad – there's every chance that recruitment may be handled very differently from one business to the next. The resulting patchwork of policies and processes could be inefficient, costly and, potentially, unfair. When experienced at a group level, the potential impact of this inconsistency can be exponentially more damaging.

The three critical considerations when considering recruitment and background screening across a corporate family are:

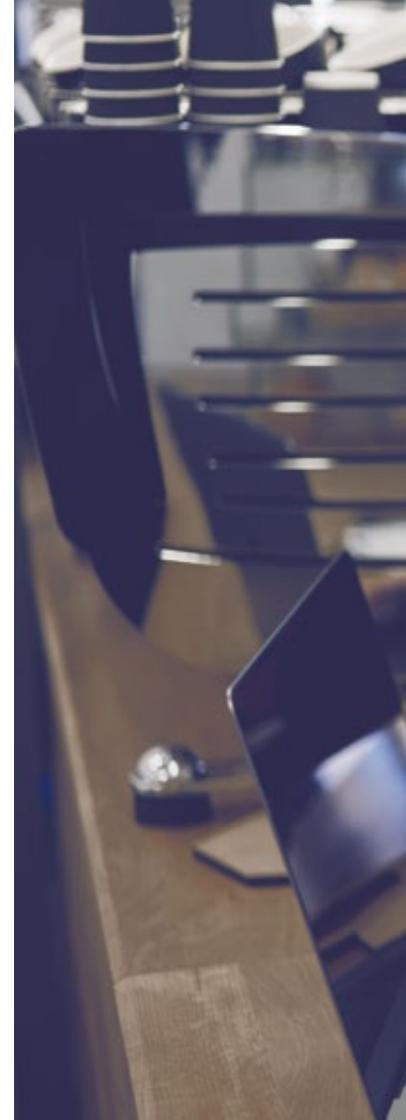
1. Consistency
2. Fairness
3. Legality

Fairness and consistency go hand-in-hand. In the absence of a consistent screening policy, it may be far easier to secure employment in one subsidiary than another – which would be unfair. Checks that are applied incorrectly in one subsidiary may result in someone missing out on employment – which isn't

just unfair but also potentially illegal. And then there's the added consideration of an employee transferring from one subsidiary company with a relaxed screening policy to one with a tighter policy. Unless the latter has post-employment screening in place, they'll be taking onboard an employee who would have failed their screening checks if they'd joined as a new recruit.

Simply having a consistent, streamlined, group-wide policy isn't the sole consideration though. For any multi-national group, what's legal in one country might be illegal – or merely culturally unacceptable – in another. That's when it pays to be up to speed on all the local nuances that need to be factored into a subsidiary screening policy.

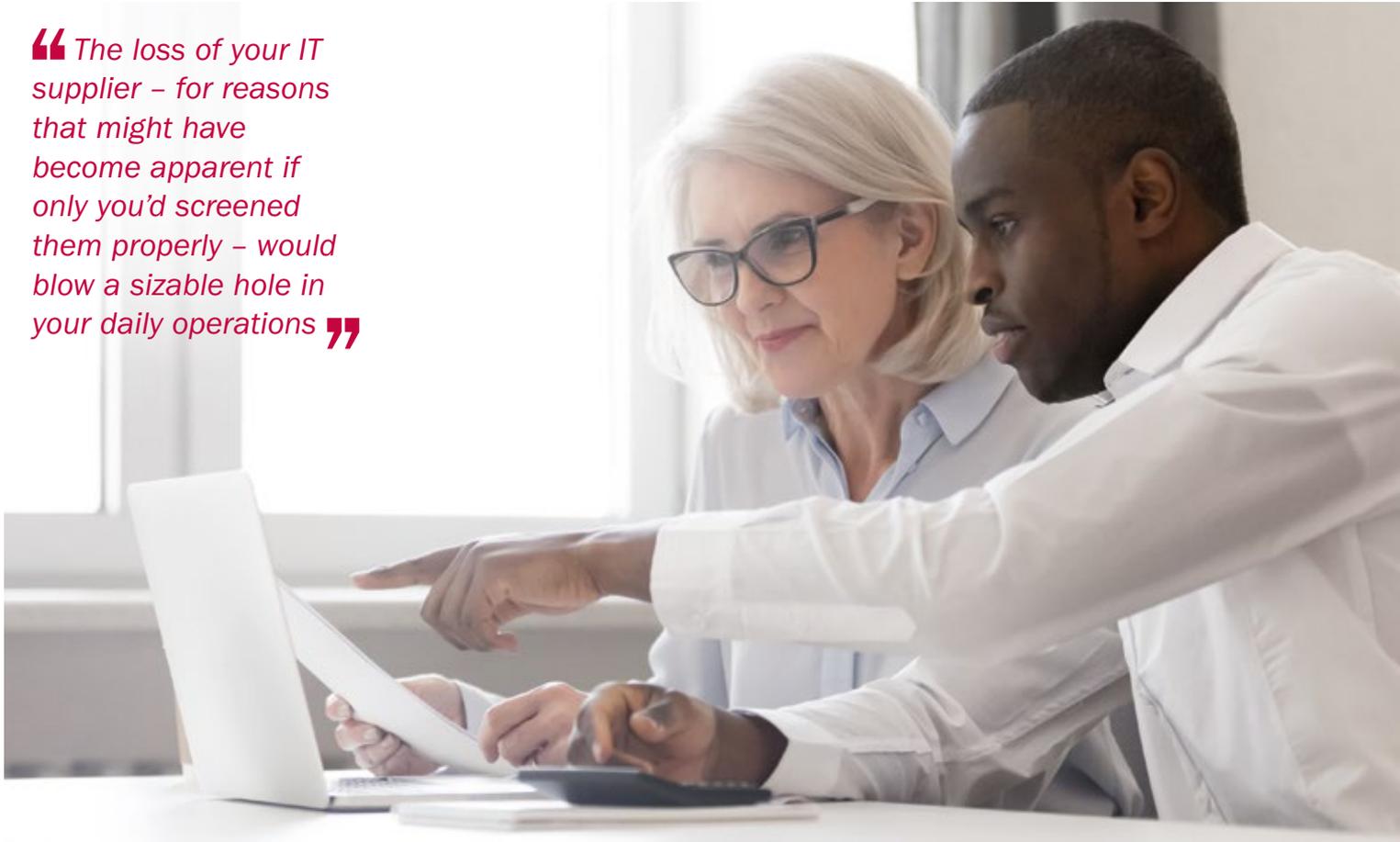
Centralisation is often the answer here, with the corporate HQ taking charge of determining the screening policy and then cascading this down through the corporate structure. The flexibility to account for legal differences at a national level needs to be built into both the policy and the screening infrastructure but, this aside, the aim should be to deliver a consistent recruitment experience, no matter how large the group.





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Vendor and supplier screening

When you consider the comprehensive lengths that employers will go to when screening a potential new recruit, it's somewhat surprising that the same rigour isn't typically applied to the companies they buy goods and services from. After all, the fall-out from being in business with a supplier that's disreputable, fake, subject to sanctions or teetering on the brink of financial collapse can be highly damaging.

Admittedly, not all businesses present the same level of risk. The loss of your stationery supplier, for example, while annoying, probably won't do much harm to your business-as-usual activities. On the other hand, the loss of your IT supplier – for reasons that might have become apparent if only you'd screened them properly – would blow a sizable hole in your daily operations and have a severe knock-on effect for your customers.

This vetting involves taking the kinds of checks that you would run on an individual but applies them to a corporate entity. Are they who they claim to be? Are they financially healthy? Are the banking and VAT details they gave you correct? Are they dogged by adverse media coverage? Are the accreditations and certifications they claim to have both legitimate and valid? Screening for answers to all these questions helps build up a fuller picture of the business you're about to associate yourself with.

The supplier's 'ultimate benefactor' is also a significant consideration here; essentially, the parent company or individual that the proceeds of your business relationship end up with. If that trail leads you to someone or something that appears on any of the international fraud and sanctions lists, you're now breaking the law by working with them.

There are two main reasons why many businesses may not screen their suppliers. Firstly, corporates are generally perceived as trustworthy; they have brands, offices and suppliers of their own, after all. But, in reality, they can be just as disingenuous as any job candidate, faking their accreditations and references or hiding some of the shadier parts of their past. Being a seemingly reputable outfit isn't something that should always be taken at face value.

Secondly, supplier contracts might be signed for seemingly incidental amounts at a line manager level, with little or no governance oversight, allowing potentially problematic suppliers to fly under the radar. The same could be said of more junior finance teams, used to operating in a transactional, book-keeping environment, rather than taking this bigger picture view of the organisations they're being invoiced by. On both counts, these employees simply don't think to look for these things. The question, however, is whether you can afford not to.



Screening of supply chain staff

The larger your business becomes, the more suppliers it tends to engage with. The more suppliers you engage with, the greater the likelihood of those suppliers' employees having access to your premises, data, intellectual property, client lists and much more besides. Some may make it no further than the front door. Others, however, may be required to move freely around your offices (cleaning staff are the obvious example here).

Apart from those people employed by your larger, more strategic suppliers (e.g. those used for outsourcing functions such as HR, IT or customer services), the majority of supplier staff are unlikely to have access to your critical systems, assets or data. Nevertheless, that doesn't stop them seeing, hearing or doing something they shouldn't. And for those that do have access – think of someone in your outsourced call centre, for example – the amount of sensitive information they can come into contact with may far exceed what most payrollled employees would ever be allowed access to.

In regulated environments such as hospitals or schools, supplier staff are expected to be subject to the full range of checks that would be applied to any employee. Failure to do so should restrict their access to the premises, severely limiting their ability to do their job properly. In non-regulated environments though, where the risk posed by supplier staff might appear minimal, businesses can often see supplier screening as over-cautious; an unnecessary investment. They may have vetted the supplier organisation to determine they were reputable and bona fide but screening the individuals the supplier sends in may be deemed a step too far.

The risk may indeed be minimal but there's reassurance to be taken from knowing that the cleaner, the website developer or even the person who restocks your vending machines is everything they claim to be before you let them roam your premises. After all, a matter of seconds might be all it takes for them to do something untoward.

“ The more suppliers you engage with, the greater the likelihood of those suppliers' employees having access to your premises ”





Know your customer

“ With goods or services rarely paid for up front, you’re effectively giving credit terms to a business that might not subsequently pay its bills ”

In a B2B context, customer vetting is similar to supplier vetting in terms of the checks you may consider running on another business. However, customers present you with the risk of far greater financial exposure. After all, with goods or services rarely paid for up front, you’re effectively giving credit terms to a business that might not subsequently pay its bills.

Thinking of it in these terms, it seems perfectly sensible to check that a business customer is all they claim to be and that they’re not beset by scandal, for example, or in danger of going insolvent. That’s quite apart from the risk of finding you’re illegally doing business with an individual or organisation who features on an international sanctions list.

That last point aside, the dangers here are primarily financial. While uncovering the truth about an inappropriate supplier can leave you with a (temporary) business continuity issue, falling foul of a customer that has been economical with the truth about their business

can have significant financial implications for your own business.

By contrast, customer vetting in a B2C environment is clearly focused on an individual, making this type of screening more immediately recognisable. Screening in this instance is typically focused on an individual’s identity and credit history, with a business keen to understand whether they should enter into a financial arrangement with a person, be that opening a bank account, taking out a loan or agreeing a lease.

Typically, speed is of the essence with such checks. With many of these businesses now operating solely in an online environment, they require immediate notification as to whether an individual should be approved or not. The more comprehensive the check, the less likely it is that problematic applications will need to be submitted for a manual – and more time-intensive – review.



WorkPass



Traditionally, when people think about background screening, they think primarily of pre-employment checks on inbound employees – i.e. new members of staff joining a business.

However, for sizable businesses, especially those with a high degree of churn within their workforce, the screening requirements of their outbound employees (i.e. those in the process of moving to another job) can be considerable. Hundreds of admin hours can be spent dealing with reference requests

“ WorkPass is a fully automated system for providing employment references and income verifications ”

from other organisations, wanting to confirm the employment history of one of your previous employees.

Alongside these are a growing number of requests from lending organisations and landlords, keen to verify the stated salary of one of your current employees.

Handling these requests appropriately is something that any well-run, ethically sound business will want to do. However, it is an undertaking that creates absolutely zero value for the business itself. This is where WorkPass comes in.

WorkPass is a fully automated system for providing employment references and income verifications. When a business signs up to WorkPass, details on its employees are uploaded to the system and then updated as part of the regular payroll run.

Subsequently, when requests are received, these can all be dealt with by providing the enquirer with access to WorkPass. The organisation or individual making the request

for information will have to pay to use the system but for the Verifile client uploading their employee data to WorkPass, the service is free of charge.

The system can be configured to help you provide basic or detailed references. Basic references typically only include dates of employment and positions held. Detailed references include additional information such as salary, reasons for leaving, disciplinary actions and any other information within the scope of your corporate referencing policy. These can be further configured into regulated references, including material that industry regulators will insist on seeing, such as information on training and complaints.

WorkPass is therefore an ideal solution for businesses wanting to find a more cost-effective way of dealing with the admin burden of a significant volume of inbound enquiries, whether this is a regular occurrence or as a result of corporate activity, such as a redundancy programme.

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