

Western Australian Auditor General's Report



Verifying Employee Identity and Credentials



Report 26: December 2015

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ISSN 2200-1913 (Print)
ISSN 2200-1921 (Online)

WESTERN AUSTRALIAN AUDITOR GENERAL'S REPORT

Verifying Employee Identity and Credentials



**THE PRESIDENT
LEGISLATIVE COUNCIL**

**THE SPEAKER
LEGISLATIVE ASSEMBLY**

VERIFYING EMPLOYEE IDENTITY AND CREDENTIALS

This report has been prepared for submission to Parliament under the provisions of section 25 of the *Auditor General Act 2006*.

Across Government Benchmarking Audits build on the annual financial audits of all agencies. We conduct these audits at a sample of agencies using more detailed testing than is required for the annual financial audits.

This audit assessed if agencies have implemented suitable policies, procedures and controls for screening employees.

My report identifies a number of issues in the way agencies are checking the identity, qualifications, right to work in Australia and criminal backgrounds of staff.

The findings of this report provide an insight to good practice and the types of control weaknesses and exposures that can exist so that all agencies, including those not audited, can consider their own performance.

I wish to acknowledge the cooperation of the staff at the agencies included in this audit.

A handwritten signature in black ink, appearing to read 'C. Murphy'.

COLIN MURPHY
AUDITOR GENERAL
2 December 2015

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Verifying Employee Identity and Credentials

Background

Sound, risk-based employee screening processes help agencies confirm the identity, integrity and academic credentials of their workforce. In the public sector, this process usually involves checking for criminal backgrounds and verifying employment history and educational qualifications.

Government agency recruitment practices generally require potential employees to declare any unspent criminal convictions or current criminal charges as part of the job application process. It is also good practice to periodically check existing employees to identify any changed circumstances which may affect their duties. For instance, an employee may have been convicted of a criminal offence that impacts their suitability for the role.

In 2013, the Public Sector Commission released a report *More than a Matter of Trust*. The report examined in detail the integrity checking controls throughout the recruitment, selection, appointment and induction process for positions that carried a high level of trust¹. This audit complements the work performed by the Public Sector Commission.

What We Did

Our objective was to assess whether agencies were adequately screening their employees to identify and assess criminal records, to check professional qualifications and verify an employee's identity and right to work in Australia.

We tested a sample of 553 employees across 10 agencies to assess screening practices. Our sample included a mix of new and existing employees in the period January 2014 to June 2015.

Our lines of inquiry were:

- Do agencies have suitable policies and procedures for screening employees?
- Did agencies adequately screen new employees to verify their identity, check employment history and educational/professional qualifications, and perform risk based criminal record checking?
- Are agencies monitoring existing employees for changes in their status (new criminal convictions or discontinuance of essential qualifications)?

This was an Across Government Benchmarking Audit (AGBA), conducted under section 18 of the *Auditor General Act 2006* and in accordance with Australian Auditing and Assurance Standards. AGBAs assess and benchmark agencies against common business practices to identify good practice and the types of control weaknesses and exposures that can exist so that all agencies, including those not audited, can consider their own performance.

¹ In its report *More than a Matter of Trust* (2013), the Public Sector Commission defined 'positions of trust' as positions where the level of integrity expected of an employee, due to the nature of the role, is higher than normally demanded or expected.

Conclusion

All 10 agencies need to improve their practices in some way, with only one agency rated as good against any of our three lines of inquiry. Agencies requiring staff to meet very specific requirements such as working with children checks or legal practising certificates generally performed better. In other agencies we found many instances where the identity, qualifications, right to work in Australia and criminal backgrounds were not checked with the risk that inappropriate or unqualified staff are employed.

What Did We Find?

We rated none of the 10 agencies as good across all our criteria, with all agencies having opportunities for improvement.

The following table is a summary of our findings. We rated the agencies on a three-point scale of 'Poor', 'Fair' or 'Good'.

Agency	Policies and procedures	Screening of new employees	Monitoring existing employees
Animal Resources Authority	Fair	Poor	Poor
Commissioner for Children and Young People (CCYP)	Fair	Good	Fair
Department of Environment Regulation	Poor	Poor	Poor
Department of Racing, Gaming and Liquor	Poor	Poor	Poor
Department of Regional Development	Poor	Poor	Poor
Great Southern Institute of Technology	Fair	Fair	Fair
Legal Aid Commission (LAC)	Fair	Fair	Fair
Mental Health Commission	Fair	Poor	Poor
Office of the Inspector of Custodial Services	Fair	Poor	Poor
Western Australian Tourism Commission	Poor	Poor	Poor

Table 1: Agency ratings against our criteria

All agencies need to improve their policies and procedures for verifying employee identity and credentials

Sound policies and procedures for verifying employee identity and credentials help agencies to recruit appropriate staff and to ensure that current staff remain suitable for their roles.

Agencies should verify all important claims made by potential employees and regularly check whether job requirements of existing staff are still met. For instance, membership of professional associations can be lost if members fail to undertake required levels of continuing professional development.

As a minimum, agency policies and procedures should require checking of:

- the employee's identity, using a 100 point identification check
- referee reports to verify claims made by an applicant and their employment history
- the employee's right to work in Australia
- any mandatory professional qualifications or professional memberships

- criminal backgrounds, based on the risks associated with the position.

Criminal background checks are important for many positions but not every position. Agencies should determine which positions require criminal screening, based on the risks associated with the position. There should also be regular follow-up to ensure that there has not been a change in an employee's criminal background which may render them unsuitable for the position.

All 10 agencies could improve their policies and procedures for verifying employee identity and credentials. Shortcomings we identified included:

- Only six of the 10 agencies had policies for verifying employee identity and credentials. Of these, only five required criminal background checks for new employees. These were CCYP, LAC, Animal Resources Authority, Great Southern Institute of Technology and the Mental Health Commission.
- None of the five agencies requiring criminal background checks of all new employees could show that this decision was based on assessed risks.
- The policies and procedures of only three agencies required periodic criminal background checks. CCYP required periodic checks of all staff while Great Southern Institute of Technology required periodic checks of those staff needing a working with children check and the LAC required checks of those staff needing a legal practising certificate.
- Only five agencies required employees to advise of any significant change in their circumstances, such as a criminal conviction or a loss of professional membership.
- Policies and procedures at two agencies were inconsistent with state records requirements as they allowed personal information (identification checks and outcomes from criminal record checks) to be destroyed well before the statutory record keeping period was reached.

Agencies are not verifying staff identity and confirming their eligibility to work in Australia

Confirming a potential employee's identity is regarded by Australian Standard 4811-2006 'Employment Screening' as an essential step in the recruitment process. Using a 100 point identity check is considered a practical method. Agencies should also verify that potential employees have a right to work in Australia before employing them – a requirement of the Public Sector Commission's Instruction 'Filling a Public Sector Vacancy'.

Only the CCYP and Regional Development had verified the identity of all staff. Six other agencies had verified the identity of staff who commenced during 2014-15 but not the identity of all staff who were employed in prior years.

In total, we found 89 instances (16 per cent) where the identity and right to work in Australia was not checked for new employees, and a further 55 instances where there was inadequate evidence supporting the employee's right to work in Australia.

We generally found that agencies were checking that staff held required professional qualifications or memberships to professional organisations. Of the 194 employees we sampled who were required to hold a professional qualification and/or professional membership, evidence for 11 was unavailable to show they met the requirement.

Agencies were generally obtaining referee reports/reference checks to verify claims made by potential employees in their applications. Referee reports for new employees were not obtained in 25 instances (12 per cent) at three agencies from our sample of 200 new employees.

Improvements are needed to checking of criminal records

Criminal background checks, before commencement of employment and periodically thereafter, are an important way of identifying employees whose background may represent a risk to the agency, other employees or customers. As previously mentioned, a criminal background check may not be necessary for every job but where it is, it should be done before commencement and periodically thereafter. The policies of five agencies require checks of all new employees of which one agency required subsequent checks of all employees and two required checks of some employees.

Overall, we found that criminal background checks were performed for 263 of the 553 employees in our sample. Two agencies, CCYP and Great Southern Institute of Technology had checked all new employees. By contrast, Regional Development and Tourism did not perform any criminal screening.

The three agencies that required staff to hold working with children checks or legal practising certificates, CCYP, Great Southern Institute of Technology and LAC were regularly monitoring those staff. In all other instances, there was no monitoring of staff for changes in their circumstances. Consequently, these agencies would be unaware if their staff were, subsequent to employment, convicted of an offence which may represent a risk.

Recommendations

All agencies should:

1. develop and approve policies and procedures for verifying employee identity and credentials which cover:
 - a. verification of identity using a 100 point identification check
 - b. criminal background checks, based on the risks associated with the position
 - c. the extent and timing of monitoring for existing employees.
2. for high risk positions obtain a declaration from new employees that they will advise the agency of any significant change in their circumstances
3. obtain referee reports/reference checks for new employees and retain these reports
4. perform criminal background checks based on the risks associated with the position
5. keep sufficient evidence to demonstrate that an employee's identity, professional qualifications, professional memberships and right to work in Australia were checked before employment. Retain this documentation in accordance with State Records Act requirements
6. periodically monitor employees for changes in their status/circumstances based on the risks associated with the position.

Response from Agencies

Agencies in our sample generally accepted our recommendations and confirmed that they either have, or will improve their policies and practices for verifying employee identity and credentials.

Eight agencies advised that they had investigated or are investigating our findings where employee identity, right to work in Australia and professional qualifications had not been checked. These agencies confirmed that to date they had not detected any false claims.

Auditor General's Reports

Report Number	Reports	Date Tabled
25	Operating Theatre Efficiency	18 November 2015
24	Audit Results Report – Annual 2014-15 Financial Audits	11 November 2015
23	Information Systems Audit Report	5 November 2015
22	Safe and Viable Cycling in the Perth Metropolitan Area	14 October 2015
21	Opinions on Ministerial Notifications	8 October 2015
20	Agency Gift Registers	8 October 2015
19	Opinions on Ministerial Notifications	27 August 2015
18	Controls Over Employee Terminations	27 August 2015
17	Support and Preparedness of Fire and Emergency Services Volunteers	20 August 2015
16	Follow-On: Managing Student Attendance in Western Australian Public Schools	19 August 2015
15	Pilbara Underground Power Project	12 August 2015
14	Management of Pesticides in Western Australia	30 June 2015
13	Managing the Accuracy of Leave Records	30 June 2015
12	Opinions on Ministerial Notifications	25 June 2015
11	Regulation of Training Organisations	24 June 2015
10	Management of Adults on Bail	10 June 2015
9	Opinions on Ministerial Notifications	4 June 2015
8	Delivering Essential Services to Remote Aboriginal Communities	6 May 2015
7	Audit Results Report – Annual 2014 Financial Audits	6 May 2015
6	Managing and Monitoring Motor Vehicle Usage	29 April 2015
5	Official Public Sector Air Travel	29 April 2015
4	SIHI: District Medical Workforce Investment Program	23 April 2015
3	Asbestos Management in Public Sector Agencies	22 April 2015
2	Main Roads Projects to Address Traffic Congestion	25 March 2015
1	Regulation of Real Estate and Settlement Agents	18 February 2015

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