



Best Practices for Selecting the Right Background Screening Provider for Your Company

The background checking issues that are getting the most press at this time are class action law suits related to FCRA violations, Ban-the-Box laws and legalized marijuana. Interesting enough while these subjects may be the darlings of the media, the consumers of background checks are saying that the important issues to them are a bit different:

We recently completed a survey of employer's background screening practices and preferences at the SHRM Talent Management Conference and our first question was – What are the leading challenges that you are experiencing with your current background screening service provider that you would like to see corrected or changed? The number one response to this question was 'timeliness of service.'

Two other surveys corroborate the results reported in our survey.

SterlingBackcheck's 2016 Trends and Best Practices Survey showed that users of background checks were most concerned about, turnaround time. The majority of employers (51%) believe background checks take too long. Consistent with their focus on reducing time-to-hire, they are all about getting new hires in the door quickly without compromising quality or diligence.

HireRights' 2016 Employment Screening Benchmark Report listed the following as the top challenges:

- Reducing time-to-hire
- Improving screening efficiency
- Ensuring a better candidate experience

Given that background screening selection process for most time-to-hire' will put pressure on

“The need for speed may be the new frontier for advances in background screening.”

has become an integral part of the organizations the focus on 'reducing background screening providers to

shorten the timeframe for conducting background checks. The need for speed may be the new frontier for advances in background screening. The result of our survey support this with respondents stating that the innovations they are seeking deal with better integration of background screening processes with HRIS and ATS as well as increasing the use of mobile devices (which will help expedite processing time and communications).

One of the champions of having an efficient and quick hiring process is John Sullivan, a widely recognized HR guru and employment expert who has written extensively about establishing “one day hiring” for high demand, low supply candidates. He discusses the process for setting up a ‘one day hiring’ program, cites examples of companies that have used this type process and emphasizes that the process maintains a high standard for conducting due diligence on candidates. Much of this is accomplished by flipping the traditional process and doing the vetting of the candidate prior to the interview. While this is far from the norm, I believe it is foretelling of things to come and that more employers are going to be streamlining their hiring process to make quick hires, and will be expecting background screening firms to not be a bottleneck in the process.

So what does all of this have to do with selecting a background screening provider?

I believe the message is clear. The selectors of background screening firms need to focus their attention on providers that have highly efficient and quality assured processes in place since these are the backbone for providing fast delivery. Integral to these processes is having the right information technology tools.

The background screening industry may be at the precipice of moving from being viewed as a commodity where the cheapest price is the driver of selection to now where the fastest deliverer of service is viewed as the prize.

Even with speed becoming a remember that the landscape continues to evolve which selecting a forwarding thinking, driven and agile background

“The background screening industry may be at the precipice of moving from being viewed as a commodity where the cheapest price is the driver of selection to now where the fastest deliverer of service is viewed as the prize.”

critical item employers must for background screening means the importance of technology savvy, compliance screening partner is essential.

The purpose of this article is to the selection criteria that you background screening firm to to select the best talent and to focus is to help organizations appropriate processes, place to ensure that the provided is as high as possible and delivered fast.

increase your knowledge about should use to choose a partner with you in your quest avoid making bad hires. Our select providers that have the practices and procedures in accuracy of information

In general, this means service providers that are:

- Complying with applicable governing laws at the federal, state and local level;
- Using business practices based on industry standards (many of these are depicted in the accreditation standards established by the National Association of Professional Background Screeners (NAPBS®));
- Demonstrating excellence in protecting consumer personal data based on industry ‘best practices’
- Using certified quality processes

The following are the best practices that we have identified which will help you to select a top notch background screening firm to help you meet your hiring needs.

I. Identify the Services that you need and match this against the Providers Demonstrated Service Capabilities:

1. Does the vendor provide ‘Full Service’ background screening services that will meet your business and hiring needs and include the following?

- Identity verification, social security trace, fingerprint, etc.;
- Federal, state, county and multi-jurisdictions (national) criminal and civil background checks, including misdemeanors, warrants and felonies, when permitted.



(Currently no one database exists that stores complete up-to-date records for all federal, county, state and local criminal records including the FBI's Interstate Identification System);

- Education, professional license and credential verifications;
 - Motor vehicle records;
 - Employment verifications and reference checks;
 - Sexual offender searches;
 - Terrorist watch lists;
 - Credit history, within legal guidelines;
-
- Electronic form I-9 services; and
 - Federal and state litigation history.
-

2. Does the vendor have the capability to collect information directly from courthouses in jurisdictions appropriate to meet your needs?
3. Can the vendor meet your required turnaround time for each type of background check you require? What is their average turnaround time? How is turnaround time measured?
4. Does the vendor use a variety of methods for meeting your request and reporting needs, including Internet based tools with 24/7 access from a computer and any mobile device at anytime from anywhere as well as fax, e-mail, interactive voice response, and a secure electronic file transfer?
5. When providing an educational verification, does the vendor verify the legitimacy of the institution as a degree granting entity, that the institution is accredited by a legitimate accreditation organization and for foreign institutions provide equivalency information to U.S. institutions?
6. Verify that the vendor is certified in states that require background screening firms to be certified or require a private investigator license.
7. Does the vendor have a clearly demonstrated process in place to fully explain limitations of national or multi-jurisdictional databases to clients and have a written procedure in place for how criminal hits received from such sources will be re-verified?
8. Does the vendor maintain records regarding how often their databases are updated and make this information available to clients upon request?
9. Will the vendor assist you in developing an effective Background Screening Policy, if needed, or if one already exists, will they review your policy and make recommendations for improvements?
10. Does the provider give you projected hit rates (what you can expect) based on your industry, nature of the jobs you recruit for and geographic scope of your recruiting for the following categories:

“The FCRA requires background screening firms to provide the maximum possible accuracy in information so make sure you evaluate how a provider goes about ensuring they are meeting this requirement.”

- Criminal background;
 - Dispute rate (discrepancy with reported information); and
 - Resume verification discrepancy rate.
-

11. Ask the provider to describe how their company responds to candidate disputes and their problem escalation process. Also ask what percentage of the applicants they screen file a formal dispute claim?
 12. Ask the provider about the steps that they take to ensure accuracy of the information they report.
 13. Ask if the same record is reported from multiple sources, how many times it is noted on the report.
-

II. Legal Compliance

1. Require the vendor to certify their compliance with all applicable federal, state and local discrimination, consumer reporting, privacy protection, data destruction and other governing laws.
-

2. Verify that the vendor has written procedures in place to ensure that all information sent to the client will comply with the law, e.g., arrest records, sealed or expunged records, etc. In addition, does the vendor provide all necessary FCRA forms, procedures and training in how to appropriately use, as needed?
3. Does the vendor have an established process in place to monitor and ensure that all 'data furnishers' as defined by FCRA/FACTA, that supply them information about individuals have instituted reasonable policies and procedures that (a) ensure the accuracy and integrity of furnished information and (b) allow individuals to formally dispute the accuracy of certain information that has been provided about them?

orangetree
Employment Screening

Employment background screening solutions for you, your candidates and your company

CONTACT US
1.800.886.4777
salesteam@otes.com
www.orangetreescreening.com

Orange Tree. Hire with Confidence.™

4. Does the vendor certify that their employees and sub-contractors who have access to personally identifiable information, sign a confidentiality and non-disclosure agreement that meets your company's requirements? This should include language that addresses new hires and employees leaving the firm. Have your legal counsel review the agreements.
5. Does the vendor have a written policy and procedure that clearly articulates the process to be used when an adverse criminal record is discovered that complies with the FCRA? At minimum, this should include their process for re-verifying the information and/or notifying the applicant at the time the information is reported as required by law.
6. Does the vendor have a written policy that details how they investigate and certify that all of their sub-contractors are bona fide businesses involved in the legitimate processing of personally identifiable information for a permissible purpose as defined by the FCRA?
7. Does the vendor's policy state that consumer reports will only be issued after a client certifies it will comply with the FCRA and applicable federal and state laws? Also, does the policy affirm that access to personally identifiable information will only be provided to an authorized representative of your firm as prescribed by the FCRA?
8. Ask the vendor if they update you on changes in legal requirements at the local, state and federal level.
9. Check to see if the vendor can provide guidance regarding 'Relevance Screening' (identifies the convictions to consider based on job criteria) to ensure compliance with EEOC and OFCCP Guidelines or has a matrix that maps relevance.
10. Ask if the firm has been held liable for their business practices or are currently facing any active claims?

11. If your firm will be conducting background checks on applicants who have lived, studied or worked in another country, verify that the vendor complies with current employment and data protection laws in the respective countries and is knowledgeable about the Privacy Shield certification process proposed to replace Safe Harbor certified by the U.S. Department of Commerce. (Also check the International Resource Center at PreemploymentDirectory.com for additional information.)

III. Policies and Procedures

1. Does the vendor certify that all staff, regular, part-time and temporary, have been criminally screened at time of hire and ongoing checks are made to ensure employees continue to have acceptable work histories? This should be a contractual agreement that is part of the service delivery contract.
2. Does the vendor have a written policy and procedure in place to avoid contacting a current employer if the applicant has requested that they not do so?
3. Review the vendor's policy regarding making employment verification calls to verify the number of times the vendor will attempt before closing the search and ensure this meets with your requirements.

IV. Information Technology and Systems

1. Does the vendor have the capability to interface and/or integrate their screening solution with your HRIS and/or Applicant Tracking System (ATS) to allow information to seamlessly flow in and out of your organization's HR system in a secure manner?
2. With great advances in smart programming systems, predetermined hiring criteria can be programmed into a system so each report on an applicant is graded consistently and fairly. Using rules that apply to the various searches conducted during background screening, a system can electronically evaluate all the information to yield individual search decisions, as well as an overall recommendation. Does the vendor have this ability to help you create a 'smart' system?

Sounds like a great idea! If you choose to set up this type of process, you need to exercise great caution to ensure that your system **does not** simply identify 'pass/hire' or 'fail/no hire' decisions. Otherwise, with the new EEOC Guidance on the use of criminal records in background screening you will likely put yourself on a collision course with the EEOC if convictions result in automatic denial.

The new guidance recommends tailoring screening procedures to ensure that they are job related and consistent with business necessities; these procedures should include an individualized assessment that considers the following:

- Identifying essential job requirements and the actual circumstances under which the job will be performed;
 - Determining the specific offenses that may demonstrate unfitness for performing the jobs; and
-
- Determining the duration of exclusions for criminal conduct based on all available evidence.

Remember all selection criteria used must be job related and have business justification. Ideally, the criteria should be included in a job description and reviewed by your labor attorney.

V. Training and Client Onboarding

1. Does the vendor have a documented training process in place for all staff that will be involved in processing or will have access to personally identifiable information? This training should be offered at the time of hire and on an on-going scheduled basis to ensure competency levels are maintained. Training should, at minimum, cover:
 - Legal requirements for conducting background screening;
 - Effective data protection and privacy to ensure security of information; and
 - The essential elements of a background screening policy and key elements of an effective employment background screening program.
-

2. The vendor should also be required to provide periodic reports that demonstrate that the training is occurring as scheduled.
3. Ask the vendor to describe their process for implementing the transition to their services. Many firms have specialist that will guide you through the process.
4. Does the vendor have procedures and processes in place to advise, train and educate clients regarding:
 - Their legal responsibilities in conducting background checks;
 - How to order, retrieve, read and understand the information provided in a consumer report; and
 - Appropriate forms including providing sample documents, which are needed to legally conduct background checks.

VI. Data Protection, Privacy and Security Measures

1. Does the vendor have a written Information Security Policy that adheres to known best practices and provides a high level of data protection? Ensure that the vendor policy addresses at minimum the following:
 - Details the purpose of the collection of an applicant or employee's personally identifiable information;
 - The intended use and how the information will be shared, stored and destroyed;
 - Creates an audit trail of who has accessed information and has a procedure in place to detect, investigate and respond to intrusions; and
 - Identifies a specific position or person(s) that is responsible for implementing, managing and enforcing the information security policy.
2. Have your Information Technology staff verify that the vendor and any sub-contractors that are involved with processing personally identifiable information:
 - Have system security in place that fully meets your data security requirements and meets background industry standards; and
 - Have procedures in place to mask some or all of the social security number from all reports, as well as obscure the year of birth.
3. Have your Information Technology staff closely scrutinize data security processes for communicating and securing data. This is especially important if the firm utilizes independent contractors or home operators for court records research, verification services or sends data offshore for processing. In addition, if such practices are used by the vendor you should have your Legal Counsel define contractual language to be included in the vendor's agreement with their contractors that addresses:
 - The appropriate type and amount of Errors & Omissions insurance coverage that needs to be in force with your firm named as co-beneficiary;
 - The contractors and their employees are held to the same requirements and standards as the vendor's employees;
 - Specific procedures exist to ensure your data is protected; and
 - All data protection laws are strictly followed.
4. Your security staff should verify that the vendor and any sub-contractors that process personally identifiable information meet your physical security requirements for securing their systems and meets background screening industry standards.
5. Verify that a written policy exists that states that an applicant's personally identifiable information or client information is never resold. Make sure this language is built into your contractual agreement.



6. Require the vendor to either provide periodic reports verifying data protection procedures are being followed or to allow their processes to be audited. An emerging practice is the use of the Service Organization Control (SOC) 2 Report that is performed in accordance with American Institute of CPAs standards. (A report on management's description of a service organization's system and the suitability of the design and operating effectiveness of controls.)
7. Verify that the vendor has a Record Retention and Destruction policy that clearly defines how electronic and papers records will be destroyed and fully complies with Federal Trade Commission (FTC) regulations.
8. Review the providers data breach policy to ensure it matches your requirements.
9. Review the company's disaster recovery plan to ensure it meets your company requirements.

VII. Order Management and Notification

1. Does the provider have an Account Management focus that provides continuity of support, assign someone to your company that you regularly deal with to gain familiarity with your company's policies and ways of conducting business?
2. Ask vendor to explain their capabilities to support centralized management of orders from many locations or conversely, their capabilities to support multiple locations with different policies based on your needs.
3. Ask vendor to describe their capabilities to provide batch ordering services, if needed.
4. Ask them for a sample of the report format and are they willing to customize to meet your needs.

VIII. Quality Assurance

1. Does the vendor have a documented quality assurance policy and on-going process in place to ensure the highest report accuracy is maintained?
2. Ask the vendor if their processes have been audited by a certified external organization and the frequency that audits occur.
3. Ask the vendor about anti-fraud steps they take to mitigate the risk created by diploma mills, fake resume firms, bogus references, etc.



IX. Financial and Pricing

1. Has the vendor demonstrated financial stability over the last three years? Have your Controller or CPA review.
2. Does the vendor have Errors & Omissions insurance or self-insurance that meets your company requirements?
3. Require the vendor to fully disclose previous litigation within the last five years and any that occurs while the contract is in place. Make sure this language is built into your contractual agreement.
4. You need to do a thorough examination of the cost associated with conducting the different type background checks, checking alias, scope of the checks, e.g., federal, state, county, number of years that will be checked, number of follow up attempts, etc. You should also carefully review the providers' policies that govern pricing. It will be wise to have a person knowledge of background screening to provide input on the providers' pricing.

X. Making Sense of the Answers

The starting point for making sense of the answers to all of these questions is to be very clear about your job requirements which include identifying the level of risk associated with performing the duties of the position and the specific skills, knowledge, behaviors, traits and experiences that are required to be successful. A well written job description is the road map to success in hiring the right person, presuming that it is used to guide the process.

There should be a clear nexus between the stated risk level and specific skills, knowledge, behaviors, traits and experiences, requirements in the job description and the type and scope of background check that should be performed.

With this thought in mind, the challenge is to balance the ten factors and the answers to the questions to arrive at a conclusion in order to select a background screening firm that best fits your needs. One of the ways we suggest to firms to balance the selection decision is to assign an importance weight to each of the factors. This will allow you to score providers and make consistent comparisons. The key to this approach is getting the importance rating right so that it properly guides your selection process. This is a decision that has strategic importance to the organization's talent management strategy and accordingly, it should have the input of senior stakeholders.

This approach will also can creep into the has the slickest and most great impression, but services that a less driving force behind the requirements as and the strengths of a

“There should be a clear nexus between the stated risk level and specific skills, knowledge, behaviors, traits and experiences requirements, and the type and scope of background check that should be performed.”

help to reduce the subjectivity that process. For example, the firm that dazzling presentation may make a may not have the same strength of impressive presenting firm has. The selection has to be matching your identified in the importance ratings given provider.

Another action that we strongly encourage organizations to include as part of their selection process is to meet the team of people that they will actually be working with; the people that will deliver services to them on a day to day basis. During your site visit, ask for a meeting with the service delivery personnel that will be providing services to your account. This is where the synergy between the provider and your organization must be a great fit, not just with the Executives and Marketing/Sales team.

Finally, we suggest that you ask for a set of test searches before you make a commitment so you can actually experience the providers service firsthand.

Conclusion

A background screening company is an important business partner which your organizations should rely on to help you mitigate many of the risk associated with hiring people and to hire the right people.

We have presented many of the essential factors that should be considered to be sure you make an informed decision when selecting a background screening firm. In addition to our selection guide, we suggest you review the National Association for Professional Background Screeners (NAPBS®) Model Request for Proposal, which includes the key questions businesses should be concerned about when selecting a background screening firm (see www.NAPBS.com).

In addition, the following emerging issues, tools and information should be considered:

The passage of medical marijuana laws in 24 states and the District of Columbia and approval of legal recreational use of marijuana by adults in Colorado, Washington, Alaska, Oregon, and the District of Columbia is causing the need for firms to re-examine drug screening policies. In addition, the SAMSHA National Survey on Drug Use and Health reported that “for 2008-2013, an annual average of 8.7% of full time workers in the 18-64 age range used alcohol heavily and 8.6% used illicit drugs in the past month[of the survey], and 9.5% were dependent on or abused alcohol or illicit drugs in the past year.

One practice that continues to grow is Infinity Screening™ (see the article on page 13) which has great promise to help mitigate hiring risk beyond the identification of potential problem at the prehire stage. Infinity Screening™ will continue to grow as employers recognize it is a valuable tool to manage and mitigate risk over the life cycle of employment, and emerging technologies make it easy to perform.

According to the Association of Certified Fraud Examiners (ACFE) roughly 11% of the background checks conducted by firms that encountered fraud did uncover at least one red flag (e.g., prior criminal activity, employment issues, or financial problems) regarding the applicant—meaning that the organizations who hired these individuals knew or should have known about potential issues but hired the person anyway. In more than 91% of cases, at least one behavioral red flag was identified prior to detection, and in 57% of cases two or more red flags were seen.

Nationwide, over 100 cities and counties have adopted a form of “ban the box” and as of April 2016, 23 states representing nearly every region of the country has implemented a legal policy. In addition, President Obama via Executive Order has directed federal agencies to “ban the box” in their hiring decisions and the Fair Chance Act (S. 2021) which would ban federal agencies and federal contractors from asking job applicants to disclose criminal histories before making conditional job offers has received bipartisan report.

The level of screening of contingent workers continues to grow, however, there is still a gap which leaves organizations vulnerable.

Social media tools will continue to impact employment screening as the search engines and sites like LinkedIn, Facebook and Twitter continue to attract business users. We believe that managers everywhere are using these tools to check out applicants on their own despite official company policies to the contrary. The challenge for businesses is to find a way to harness these new social media tools to maximize their benefit and minimize the risk.

Global screening continues to grow as more firms operate at a multi-national level and recruiting across country borders is becoming commonplace. In 2014, the U.S. Department of Labor indicated that there were 25.7 million foreign born workers in the U.S. labor force or 16.5% in total. Couple this with a report by KPMG that showed that 70% of American executives indicated intentions to expand their international employee base, the ground work for increasing global checks has been laid.

Any future plans dealing with selecting a background screening firm should consider these emerging issues. We hope this information is valuable in helping you to select a background screening firm and encourage you to contact us with any questions.



About the Author:

W. Barry Nixon, SPHR, is the COO, PreemploymentDirectory.com, the leading online background screening information portal. He is the co-author of 'Background Screening & Investigations: Managing Hiring Risk from the HR and Security Perspective.' The firm publishes the leading e-magazine for professional background screeners, *The Background Buzz*, the only international focused e-magazine, *The Global Background Screener*, both of which are award winning publications. Barry can be contacted at wbnixon@preemploymentdirectory.com or directly at 1(949) 770-5264.

Disclaimer: Any use of the recommendations included in this article should be done under the auspices of a knowledgeable labor attorney and/or expert consultant with specialized knowledge of background screening. There is no intent to provide legal advice in any form.

The Most Information on Background Screening Anywhere in the World!



Go where HR professionals get their Information on Background Screening.

Great Content! Easy to Use!



PREEMPLOYMENTDIRECTORY.COM

"The Information Portal for Background Screening"