

# Background Screening Your Job Applicants

Background screening of prospective employees is an effective risk management tool that can reduce employee turnover, deter theft and embezzlement and prevent litigation over hiring practices. Although background checks do present some costs, the risk of hiring someone without having performed this screening could signify considerably heavier financial consequences—the cost of recruiting, hiring and training an unqualified employee only to then search for a replacement is a significant burden.

## Why Pre-screen?

Many job applicants have a criminal record that would compromise their job placement, yet they do not disclose this information. Therefore, consider these advantages of pre-screening potential employees:

- Discourages applicants from hiding a criminal background or falsifying their credentials
- Eliminates any uncertainties about applicants in the hiring process
- Encourages honesty while going through the hiring process

## Extent of Background Checks

At a minimum, it is advisable to ensure that an applicant's history does not include a criminal conviction or deferred prosecution for a specific crime. Searches for criminal records might include federal, state and county records.

Beyond the basic criminal background check, take a risk-

focused approach to determining additional levels of screening, which might include identity verification, education verification and professional license verification. The access level and sensitivity of the position will be key factors in determining whether additional screening is appropriate. Maintain background checks on existing employees by continuing to perform them on a regular basis.

A final element that can be included in a thorough background check is a credit report, which not only provides ulterior verification of social security numbers and employment history, but reveals other troubling financial issues that could be a factor in the hiring decision.

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**The access level and sensitivity of the position will be key factors in determining how much screening is necessary.**

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## Employment Applications

The background check will be more efficient, more valuable and less costly if the employment application contains certain elements, such as a statement that all information is accurate and that any untruthfulness or omissions are legal grounds for termination. A standardized format that consistently collects all necessary information will also speed the background screening process. Here are some other helpful

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elements:

- Any other names used
- Reason for leaving past positions (“disagreement” or “mutual agreement” are red flags)
- Specification that names of actual employers must be listed (staffing firms should be listed, not the firm hosting temporary workers)
- Detailed contact information for references listed

A simple way to streamline the process is to implement an online application process that requires certain fields necessary for the screening to be completed. When a need for revision arises, the form can be easily modified across the entire organization. The application can be linked directly to provider’s systems that will extract all necessary information for the background screen.

Verify that all information on the application is accurate, and check credit reporting agencies for any anomalies.

## Legal Duties

To simplify the task, you may find it helpful to outsource the process to a background screening service provider. For many screening tasks, such as criminal background checks, outside providers can be faster and more thorough. It is important that when selecting such a provider, you consider its financial statements and health, its hiring and employment processes, identity theft safeguards and, of course, service offerings.

You are have several obligations to the applicant under the Fair Credit Reporting Act (FCRA):

- Any applicant on whom an institution performs a background screen must give his or her written authorization to conduct the report.
- If you ultimately deny employment, you must provide notification through pre-adverse action and final adverse action notification letters.

## For More Help

If you need more information about protecting yourself from liabilities associated with hiring and termination, contact Gallagher Risk Management - Tulsa. Our insurance experts can keep you covered and give you peace of mind.