

Post-employment screening: a risk management tool



By [Kirsten Halcrow](#)

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Any company would be very mistaken to think that screening and due diligence stops or is complete once a person has signed their contract of employment and started working, considering research shows that a high percentage of individuals who have held positions over a long period are implicated in serious fraud.

Yet it is very uncommon that companies think to check employees that have been with the company for an extended period of time.

Post-employment screening allows employers to keep ahead, quantify their risk, know where and in whom, their risk lies and most importantly, it helps with the management of risk.

The King II Report on Corporate Governance has a section that deals with risk management. In an executive summary of the report, by the Institute of Directors, it states "The board must decide the company's appetite or tolerance for risks - those risks it will take and those it will not take in the pursuit of its goals and objectives. The board has the responsibility to ensure that the company has implemented an effective and ongoing process to identify risk, to measure its potential impact against a broad set of assumptions, and then to activate what is necessary to proactively manage these risks."

Regular credit and criminal checks

A KPMG survey in 2005, on fraud in South African businesses, showed 55% of these crimes were performed by junior to middle management, 42% were employed for 2 - 5 years and only 17% had been with the company for less than a year.

An employer might start a job with a clean criminal record and financial status; this does not mean that further down the line this status has not changed. Regular credit and criminal checks are the only way an employer knows of changes in employee status - these are all developments which a responsible employer should be aware of in their workforce.

In June 2006, EMPS ran a survey on six companies in the same industry, each with an excess of 200 staff members. The results showed that 3.5% of all employees checked who had started work with a clean record, had, since commencement of employment, been convicted of a criminal offence. These offences ranged from robbery to drug related issues - all without the employer's knowledge.

Many companies think that there is nothing they can do once a person is employed. There are, however, ways to deal with problems depending on their seriousness.

Outsourced staff and sub-contractors

Aside from permanent employees, companies need to be especially aware of outsourced staff, or sub-contracted companies (cleaners, guarding companies and all personnel who come onto a company's premises). As part of service contracts, companies should be insisting on ongoing screening as part of service level agreements. These individuals pose as much a risk as any permanent staff member and very often are even more of a potential threat with unrestricted access to all areas and after-hours servicing.

Pre-employment screening reduces the risk of a bad hiring decision, post employment screening minimises the risk to which a company is exposed over the long term.

Some factors to consider:

False sense of security: One needs to bear in mind that criminal checks in South Africa do not report on pending cases, as a person is innocent till proven guilty. These records can be lodged at any point in time.

Consent issue: Employers must ensure that such checks are done with consent. Another issue is whether an employer can legally not hire someone, or terminate someone, because they refuse to consent to ongoing criminal record checks.

What to do if a criminal record is found: If human resources conduct continuous criminal checking and finds a record, then the employer needs a written policy and procedure on how to respond to the information legally. Employers need to exercise caution in how such records are utilised, and to determine what type of record may be relevant to employment.

The bottom line: Although such continuous searches can be a valuable risk-management tool, an employer needs to address a number of issues. The employer also needs to understand the limitation to the searches and the issues surrounding the legal use of such data.

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