

PREVENTION in focus

April 2018

Risks in recruitment — are you adequately vetting your staff?

Appropriate vetting on prospective employees needs to involve a risk assessment of the position, and the role that position plays in your agency

What you should know

- Getting the right person working in your organisation is not only about checking an applicant's skills or capability for undertaking the duties in the position description. It also means ensuring you don't employ a high-risk individual who may actively seek to defraud your agency for their own gain.
- Some of the worst frauds in Queensland's public agencies have been perpetrated by individuals who had multiple "red flags" for corruption risks that were not identified at the time of recruitment or promotion.
- Agency failure to identify corruption risks when recruiting or promoting staff has resulted in large financial losses and reputational damage to the agencies involved and safety risks to the community.
- Relevant background checks when recruiting or promoting staff and a robust corruption framework will help to prevent corruption from occurring in the first place and, if it does occur, enable it to be detected early.

This publication seeks to raise awareness among agency managers, members of selection panels and human resources (HR) staff of the dangers of employing people who pose corruption risks and how to minimise those risks.

It draws on CCC corruption investigations to illustrate what can happen in an agency when such people and risks are not identified.



No manager wants to be the one who recruited a serious fraudster into their agency

The high cost of hiring or promoting a high-risk individual

Queensland in recent decades has seen examples of massive fraud perpetrated by Joel Barlow (the “Tahitian Prince”) and Dr Jayant Patel. Later investigations revealed that both of these people represented multiple corruption risks that were not identified when they were being recruited or, in Barlow’s case, promoted.

At the time of his initial employment with QHealth, Joel Barlow had a previous criminal conviction for an offence of dishonesty in New Zealand, and was also wanted for questioning about suspected dishonesty offences against another employer.

Barlow was initially employed as a temporary contractor at AO3 level. As he entered QHealth at a relatively low level as an AO4 Assistant Finance Officer it may have been thought that extensive vetting was not required — consequently, no criminal history checks were conducted on him. But as he was promoted into higher positions in which he was given responsibility for significant financial delegations, no further employment checks were carried out. Barlow’s fraudulent activities against Queensland Health eventually cost the agency \$16.9m.

More recent investigations undertaken or monitored by the CCC show that agencies are still failing to identify serious corruption “red flags” including prior criminal convictions, lying about qualifications or work experience, and a history of investigations or questionable conduct in previous employment. Any of these could have been detected by appropriate vetting checks at various stages of the recruitment and/or promotion process.

Vetting as a risk management tool: how much is required?

Relevant and adequate background checks are a necessary part of any employment process.

How much vetting you need to conduct will vary from position to position. Consider whether the person you are recruiting will have, for example, access to sensitive information and valuable resources or the authority to approve significant financial payments. If so, their work history may require closer scrutiny and more rigorous vetting than that of someone who will not have such responsibilities.

Vetting can include:

- Checking tertiary qualifications and professional memberships
- Background checks via publicly available information
- Criminal history checks
- References from previous employers.

The selection process: opportunities and checkpoints for risk management

Managers, members of selection panels and HR staff involved in a typical recruiting process have a series of opportunities to identify potentially high-risk employees. These include:

1. Reviewing a candidate's resumé and job application (including employment history)
2. Questioning candidates at interview
3. Checking with referees and previous employers
4. Using other additional vetting mechanisms.

Resumé and job application

A thoughtful perusal of a person's work history is essential. Why the applicant left a former job is just as important as why they want to work for you. In particular:

- **Are there any gaps in the applicant's resumé?** Are there periods for which there is no explanation of why they were without work? Were they unemployed or in prison? Are they unwilling or unable to disclose the details of a previous employer, perhaps because of serious conduct allegations against them?
- **Are the periods of employment listed on the resumé accurate?** Has the applicant attempted to hide a previous job or other adverse issue by extending the employment periods at other companies or agencies?
- **Has there been a significant change in the type of employment undertaken by the applicant?** Did the applicant have to undertake a different type of employment as the result of disciplinary action or allegations that could have become known in their industry?

Submitting a false or misleading resumé could be a criminal offence and reason for immediate dismissal

Checking the validity of qualifications

Most universities have a simple process to check academic qualifications. For example, the University of Queensland offers a very simple online verification process which should take less than five minutes to complete.

The interview

This is your opportunity to speak with the applicant face-to-face and ask any questions you wish about their qualifications and employment history, including possible anomalies.

If you are uncertain about any aspect of their resumé or application, the interview is the time to satisfy yourself about their integrity and history. Ensure that you ask questions about any area in which you have doubts.

Where you are recruiting for a high-risk position, it is reasonable to ask applicants whether they have ever been the subject of disciplinary proceedings.

Referee checking, including with previous employers

Look carefully at who the applicant has nominated as referees. Contact with previous employers is another important means of assessing an applicant's work history.

- Do you need to check more than their most recent employer? This is a risk-based decision, and depends on the importance of the position the person will be taking up, their access to resources and their potential to cause harm.
- Has the applicant provided you with their current manager/supervisor as a referee? While there may be a legitimate reason for not wanting a current employer to know that they are looking for work, you should be cautious when an applicant has omitted referees from recent jobs. If the candidate is offered an interview, take the opportunity to ask the candidate why their current supervisor is not a referee.

Other vetting

You may also want to look at social media such as Facebook or LinkedIn to learn about other aspects of your potential employee.

Serious “red flags” – what to look for

The following case studies from across the public sector illustrate what can happen when agencies fail to identify potentially high-risk candidates for either employment or promotion. In particular, agencies should be alert to the most serious “red flags” so that they can be recognised and appropriate action taken.

An employee who had spent time in prison for fraud offences listed that time in their resumé as “self-employed”

Prior criminal convictions

A prior criminal conviction should not be considered a complete bar to a person obtaining employment in the public sector. However, an agency would need to take a risk-based approach to employing such a person, which in itself would need to involve background checks to identify any criminal history. Some positions in government departments require mandatory screening including a criminal history check when recruiting persons for regulated employment or child-related duties.

Lying about qualifications and experience

Falsification of a person's qualifications or experience presents multiple concerns. Not only may the person not be qualified to perform the role they are being hired for, but they are planning to embark on a career with your agency that is based on a lie and demonstrates a serious failure of integrity.

Investigations or questionable conduct in previous employment

Two of the case studies reported here illustrate a failure by agencies to detect problems in previous employment in a prospective employee's history.

Checking qualifications from a prospective employee can be an important part of the overall background checks undertaken by the agency

CASE STUDY

Failure of an agency to manage the risks associated with employing a high-risk individual

A person who successfully applied to work at a university had prior convictions and associated periods of imprisonment which he failed to declare to his potential employers. His employment on a research scholarship with some additional casual work meant he had a lot of autonomy and was not closely supervised.

The university later received a complaint about his integrity which included the information about his previous convictions. An external investigation substantiated the allegations and also highlighted the risks of the ongoing employment. Despite this, the university determined, incorrectly, that requiring criminal history checks would be in contravention of Australian human rights regulations. The employee remained with the university.

Subsequently, the CCC investigated allegations of several counts of serious financial fraud by this employee. He and another person have been charged in relation to this conduct and await finalisation of the court proceedings.

CASE STUDY

Overlooking anomalies in employment history and referee information

An employee started work with a government agency in April 2015 and within a month had started fraudulent activities. These were not detected by the agency's internal controls but only came to light when another employee happened to recognise him from an earlier work situation and informed senior managers that his former co-worker had left that previous position because of his fraudulent activities there.

This information sparked enquiries by his new agency into the employee's conduct. This led to suspicious transactions being identified, and enquiries being made with the previous place of employment. These revealed that the employee had resigned during a major investigation into his alleged fraudulent activities. The employer considered him a con man and strongly warned against employing him.

This vital information was missed because the employee had only provided referee contacts for his last and third-last employer, omitting details of his employment in between. This potentially suspicious omission had not been identified or questioned by the new agency at the time of recruiting him. Another failure in the vetting occurred when a false tertiary qualification that the employee had provided was not checked by those handling his recruitment.

Following the investigation by the CCC, the employee pleaded guilty to five counts of official corruption (to a total of \$42,000) in relation to his new employer.

Members of selection panels should be alert to any gaps in applicants' employment histories and take steps to verify formal qualifications.

CASE STUDY

Failing to verify qualifications enabled fraud to continue for 17 years

An investigation of an employee with a Hospital Health Service over a separate incident of possible fraud uncovered a 17-year career within the public sector in which repeated lies about her qualifications had gone undetected.

The employee was progressively embellishing her credentials every time she applied for a promotion.

Most recently she had submitted a copy of a degree in Commerce supposedly issued by the University of Queensland. No checks had been conducted to verify this information.

Witnesses interviewed in the investigation explained that there was no policy within the agency to verify qualifications that are not a mandatory requirement of the position.

Whether or not a qualification is technically necessary for a position, checking qualifications provided by a prospective employee can be an important part of the overall background checks undertaken by the agency.

Misrepresentation or dishonesty by an applicant in relation to their qualifications, whether required for a position or not, indicates a fundamental failure of integrity that makes them unsuitable for either recruitment or promotion. Submitting false qualifications is potentially attempted fraud.

Conclusions

Picking the right person for a vacant position is important for any business. Appropriate vetting checks on prospective employees needs to involve a risk assessment of the position and the role that position plays in your agency.

Ensure you consider as part of your vetting procedures:

- ✓ Advising potential candidates that they must consent to vetting as part of the recruitment process
- ✓ Carefully scrutinising and checking resumés and qualifications (even if not mandatory for a position)
- ✓ Using face-to-face interviews to ask candidates direct questions about anything on their resumé that looks unusual or suspicious
- ✓ Asking candidates if they have ever been subject to disciplinary proceedings with a previous employer
- ✓ Considering whether a criminal history check is warranted, given the position the person is applying for within the agency
- ✓ Ensuring you conduct adequate referee checks
- ✓ Checking publicly available information and websites, which can be useful in looking for anomalies in a person's resumé
- ✓ Updating vetting for existing employees who are promoted within your agency or who have a change in personal circumstances.

Read more:

The CCC report [*Fraud, financial management and accountability in the Queensland public sector: An examination of how a \\$16.69 million fraud was committed on Queensland Health*](#) provides a detailed examination of the investigation into Joel Barlow.

See also the following materials:

- CCC, [*Fraud and Corruption Control: Best Practice Guide*](#)
- [Public Service Commission - Employment Screening Directive 07/11](#)
- [Conducting pre-employment checks in government](#)
- [Completing referee checks in government](#)

For more information see: www.ccc.qld.gov.au/corruption-prevention

