

Background Check Basics

A Guide to Getting Started



Smart Screening. Better Hiring. Peace of Mind.



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I. Introduction

Welcome to the Background Check Basics Whitepaper

Part of building a successful company begins with hiring qualified employees that fit into your company's culture. Smart hiring decisions position a company for success. Poor hiring decisions jeopardize revenue, lead to inefficiency, and increase the risk for liability issues.

**What do most successful companies consider to be their greatest asset?
What separates them from organizations that struggle to compete and grow?**

The answer to both: Their *employees*.

The pressure organizations face to make correct hiring decisions is increasing. Whether it comes from strained budgets in a challenging economy, increased government rules and regulations, or fear over lawsuits and other legal damages, companies understand that they need to make the right hires the first time.

The importance of preparing wisely

Pre-employment screening products and services can help. But before you even begin your evaluation and selection process of which services to use, your organization should have a formal company screening policy in place. Having a formal policy that the company endorses and consistently enforces throughout the organization will help ensure safe hiring practices and protect the organization from negligent hiring and lawsuits.

To aid your search, you should have awareness and good understanding of the various products available, so you can access the information you need to make good decisions. Finally, you must understand your obligations, as well as providers' obligations, under the federal Fair Credit Reporting Act (FCRA).

The purpose of this whitepaper is to help you get started in the right direction, providing key details you'll need to know along the way.

92% of companies conduct background checks on at least some of their applicants before hiring.*

The average cost per hire increased 62% over the past year.**

*SHRM survey – 1/22/10

**SHRM Human Capital Benchmarking Survey - 2011

II. Background Check Basics

Establishing a Company Screening Policy

Implementing a consistent screening policy throughout an organization can help avoid costly hiring and recruiting mistakes as well as mitigate exposure to risk and litigation.

Here are some suggestions for reducing liability concerns before hiring:

- Require a companywide commitment to mitigate risk and promote a safe work environment.
- Develop a pre-employment screening policy to ensure safe-hiring best practices.
- Follow all FCRA rules and regulations.
- Perform due-diligence in selecting the right supplier for your organization.
- Utilize multiple screening products and develop position-specific standardized searches.
- Establish criteria to evaluate background information.
- Incorporate applicant background information and release forms in the application package.
- Eliminate judgmental decisions to ensure consistency when interpreting results.
- Conduct periodic program review to ensure that those managing the background check process are observing all applicable policies.

78% of companies have a well-written policy for employees to follow regarding conducting criminal background checks.*

*SHRM Background Checking Survey – 12/10/10

Background Check Products

Many vendors offer background check products that can help you obtain the information you need to make pre-employment decisions. Because of the wide variety of available screening products, selecting the proper ones to use for the positions you're trying to fill can be confusing.

When making hiring and volunteer recruiting decisions, IntelliCorp recommends using five essential reports as the foundation for your decision-making process.



Multi-state Criminal Search

The Criminal SuperSearch is an instant multi-state criminal search that covers a majority of the population across the United States. Using data from hundreds of sources, the search returns results from a variety of administrative offices of the court, departments of correction, publicly available sex offender registries, and other entities.

Sex Offender Registry

The National Sex Offender Registry currently includes publicly available sex offender information from all states except Connecticut. However, a state-by-state sex offender search is also an option.

SSN Identity Verification/Address History

The Social Security Number (SSN) verification product searches more than 600 million records on an individual's reported SSN. The search provides the ability to verify and validate who may be using a certain SSN. This is the same information used by banks, lenders and credit companies nationwide.

Terrorist Search (OFAC)

The Terrorist Search helps ensure that organizations and individuals have not entered into transactions with a person involved in terrorism, international narcotics trafficking, or activities related to the proliferation of weapons of mass destruction. Results include data from:

- the Directorate of Defense Trade Controls (DDTC) – Arms Export Control Act (AECA) Debarred List
- the Office of Foreign Assets Control (OFAC) – Specially Designated Nationals List
- the Bureau of Industry and Security (BIS) – Denied Persons List, Unverified List, Entity List
- the Bureau of International Security and Nonproliferation – Nonproliferation Sanctions

Single-County Criminal Search

The search, conducted at the county court level, recovers records from any county requested in the United States. Included in the search are any felony and/or misdemeanor records. The report contains complete case information including defendant information (defendant name, date of birth, and address); case information (case number, filed date, disposition, disposition date, and sentence); and criminal charge information (statute section, offense description, and charge disposition).

Supplementary Reports and Searches

Depending on the type of position you need to fill, you can add supplementary reports and searches, including:

- Education Verification
- Motor Vehicle Reports
- Drug Testing
- Credit Reports
- Civil Records
- I9 and E-Verify
- Professional Licensing
- Professional References
- Medical License Verifications



FCRA Compliance

The Fair Credit and Reporting Act (FCRA) is a federal law that regulates how reporting agencies use consumer's personally identifiable information.

The FCRA is a complex piece of legislation that contains numerous provisions. Some of the relevant provisions as it pertains to background checks include how information is protected, what information is disclosed and why, and how individual can correct or delete inaccurate or outdated information or dispute information.

As an employer, it's good company practice to understand not only your obligations under the FCRA rules and regulations, but also the obligations of consumer reporting agencies (CRA) that provide pre-employment screening services under the same act. Below are some of the key provisions of the FCRA for both employers and pre employment screening providers.

If your company purchases background checks from a third-party screening provider, there are **3 basic steps for FCRA compliance**:

1. Before you get a consumer report
The applicant or employee must be made aware that a consumer report is being used for employment purposes.
 - a. You must obtain the applicant's permission and signature authorizing the background check
 - b. The signed authorization must clearly indicate the nature of the check (i.e. employment purposes)
2. Before you take adverse action
If you rely in whole or part on a consumer report for an "adverse action" such as denying a job application, reassigning or terminating an employee, or denying a promotion, be aware that:
 - a. You must give the individual a pre-adverse action disclosure that includes a copy of the individual's consumer report.
 - b. You must provide a copy of "A Summary of Your Rights Under the Fair Credit Reporting Act" — a document prescribed by the Federal Trade Commission. The CRA that furnishes the individual's report will give you the summary of consumer rights.
3. After taking adverse action
After you've taken an adverse action, you must give the individual notice — orally, in writing, or electronically - that you have taken the adverse action. The notice must include:
 1. the name, address, and phone number of the CRA that supplied the report
 2. a statement that the CRA that supplied the report did not make the decision to take the adverse action and cannot give specific reasons for it
 3. a notice of the individual's right to dispute the accuracy or completeness of any information the agency furnished and his or her right to an additional free consumer report from the agency upon request within 60 days



A background screening provider must also adhere to certain FCRA requirements, some of which include:

- identify the purpose for which clients wish to access products and services
- obtain certifications from client verifying clear disclosure to the consumer in writing and, in the event of an adverse action, that the client provides to the consumer a copy of the report and notification of the consumer’s rights
- maintain strict procedures to ensure that reported public record information is complete and up to date
- provide copies of reports to consumers upon receipt of proper identification
- maintain procedures to properly dispose of consumer report information properly,

Simply put, the benefits of following FCRA requirements can be tremendous, even if you conduct background checks in-house. Because FCRA regulations were designed to protect applicant privacy and contribute to fair hiring practices, it makes sense that employers who follow the requirements will be offered greater protection from lawsuits.

While meeting FCRA requirements can seem daunting, once your process is in place, complying with these regulations can be easy. The right background screening provider (CRA) can greatly assist in FCRA compliance by providing necessary consent documents and administering pre-adverse and adverse action notifications.

III. IntelliCorp – Who We Are

For more than 16 years, IntelliCorp has been in the business of helping businesses and organizations reduce risk by providing background checks and other screening services. By embracing a higher standard of excellence, we deliver you superior results to assist in mitigating exposure to fraud, workplace violence and negligent-hiring lawsuits.

With our innovative technology, we are able to provide you an unparalleled user experience, with streamlined processes, cost savings, and paramount privacy and security in protecting sensitive information. With our stringent quality assurance and control processes, we can deliver our customers up-to-date information.

We hope the information contained in this document is helpful and will assist you in taking the first steps in creating a comprehensive pre-employment screening process for your organization. If you already have a system in place, we hope this content is valuable in evaluating and improving your current process.

Good luck as you move forward, IntelliCorp is happy to answer any questions you may have.

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