

Verifying Employee Identity and Credentials in Local Government: the Auditor General Reports

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This article is part of our series highlighting some key findings in the Auditor General Reports under the *Local Government Amendment (Auditing) Act 2017 (WA)*.

It is integral to the recruitment process to have established processes for verifying employee identity. If an individual with questionable qualifications applies for a position in local government, these processes will reduce the risk of accepting an application which could have led to disruption and damage to both the CEO and the local government.



In June 2019, the Office of the Auditor General (**OAG**) released the *Western Australian Auditor General's Report on Local Government Verifying Employee Identity and Credentials (Report)*. This audit examined controls for verifying the identity and credentials of new employees and monitoring the status of existing employees in eight local governments: three cities, two towns and three shires. This article looks at some of the points made in the Report.

The Report identified many instances where local governments were not checking the identity, employment history, qualifications and criminal backgrounds of new and existing employees. It concluded that all the entities examined needed to improve their practices for screening employees.

Key Points

- Have the necessary policies in place
- Ensure criminal background and Working With Children Checks are undertaken where required, and are maintained in a contemporary state
- Undertake reference checks before appointments are confirmed
- Maintain systems that ensure employees continue to hold the necessary licences and certificates

Identity verification policies

The Report found that there were shortcomings in the identity check processes of the local governments surveyed.

Local governments should have policies and procedures in place to verify the credentials of potential employees. These credentials may include professional qualifications, prior work history, and the right to work in Australia. Any specific requirements for particular positions should also be outlined in the position description and integrated into employee verification processes.

Only three of the eight entities surveyed had policies in place for verifying employee credentials. Of these three local governments, only one required periodic criminal background checks, and none of the entities required annual declarations from employees about changes to their status.

Background checks

Several local governments included criminal background checks as a requirement on position description forms. This is particularly important for certain positions, such as senior officers who oversee and approve key decisions and transactions.

Working With Children Checks (WWCCs) were obtained fairly consistently, with five local governments obtaining them as required and only a small number of instances where WWCCs were required but not obtained.

Additionally, any position that requires a certain requirement or qualification, such as a WWCC, needs to be regularly monitored in case employees' qualifications are no longer valid. Without such procedures in place, the employer faces the risk of being unaware of changes of status (e.g. loss of the qualification possibly affecting some other statutory compliances). Only two local governments had policies in place for regular monitoring of changes in employee status, indicating this to be an area that can be improved upon.



Staff eligibility

Verifying the identity of all new employees before they commence work is a crucial step in the public sector recruitment process. This includes verifying that the potential employee has the right to work in Australia. The preferable method for doing so is a 100-point identity check.

Most of the eight local governments surveyed adequately identified and verified essential qualifications of potential employees, such as educational requirements, first aid certificates, or licences. However, 81 of the 306 employees surveyed had not had their identity checked before they commenced employment. Documentation provided by a further 198 employees fell short of that required for a verified 100-point identity check, meaning that the verification was inadequate.

Additionally, 89% of employees had not had their eligibility to work in Australia checked. The Report found this to be of particular concern, and was an issue with all the local governments surveyed.

Reference checks

As part of the recruitment processes of the local governments surveyed, over half of employees had not had a reference check performed. Reference checks are used to verify claims made by potential employees regarding their work history and experience and are often a mandatory component of the recruitment process.

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Recommendations from the OAG

The Report makes a number of recommendations for public sector entities, including local governments, to ensure foundations are established for verifying employee identity and credentials.

It strongly recommends that policies and procedures be in place for verifying employee identity. Ideally, these should be conducted through a 100-point check and criminal background checks.

It also recommends that for certain positions requiring criminal background checks or WWCCs, those requirements be clearly stated in position descriptions. For more senior positions with ongoing requirements, entities should obtain regular declarations from employees that their status has not changed.

Before an employee is appointed, sufficient documentation should be obtained and referee checks conducted. Of particular importance are the potential employee's right to work in Australia, professional qualifications and memberships and criminal background.

The Report also suggests periodic monitoring of employee status in these assorted areas after the employee commences their role.

Conclusion

Every organisation faces human resource challenges. Local governments face additional ones because of their status as public authorities, with all the scrutiny and compliances associated with that.

Inadequate recruitment and HR management practices expose local governments to disruption related to assorted legal issues, reputational damage and costs. The Report is a useful reminder to be vigilant in reviewing and improving those practices.

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