

**UNIVERSITY OF CALIFORNIA, SAN FRANCISCO  
AUDIT AND ADVISORY SERVICES**

**Human Resources (HR) Background Checks  
Project #15-033**

**June 2015**

University of California  
San Francisco



**Audit and Advisory Services**

June 26, 2015

**David Odató**

Associate Vice Chancellor, Human Resources  
Chief Administrative Officer, Medical Center

**SUBJECT: 15-033 HR Background Checks Audit**

As a planned internal audit for Fiscal Year 2015, Audit and Advisory Services (“AAS”) conducted a review of the HR Background Checks process. Our services were performed in accordance with the applicable International Standards for the Professional Practice of Internal Auditing as prescribed by the Institute of Internal Auditors (the “IIA Standards”).

Our review was completed in June 2015 and the preliminary draft report was provided to department management in June 2015. Management provided us with their final comments and responses to our observations in June 2015. The observations and corrective actions have been discussed and agreed upon with department management and it is management’s responsibility to implement the corrective actions stated in the report. In accordance with the University of California audit policy, AAS will periodically follow up to confirm that the agreed upon management corrective actions are completed within the dates specified in the final report.

This report is intended solely for the information and internal use of UCSF management and the Ethics, Compliance and Audit Board, and is not intended to be and should not be used by any other person or entity.

Sincerely,

A handwritten signature in black ink, appearing to read 'Irene McGlynn', with a horizontal line extending to the right.

Irene McGlynn  
Director  
UCSF Audit and Advisory Services

## EXECUTIVE SUMMARY

### I. **BACKGROUND**

As a planned audit for Fiscal Year 2015, Audit and Advisory Services (AAS) conducted a review of the background check process. Since the background check process is primarily managed by Human Resources Department (HR), we have sub-selected the Controller's Office and University Development and Alumni Relations' (UDAR) to be included in our review and testing process. This review was to assess whether background checks were being performed for all employees designated as 'critical' positions and adequate documentation was being retained.

Background checks for new hires (including internal transfers) into critical positions are generally identified and requested by the hiring department. The hiring department works with the HR to generate the candidate's offer letter, a standardized template, which contains language stating that the position is designated as critical and that successful completion of a background check is required. During the onboarding process, HR works with the new hire to schedule an appointment with the UCSF Police Department (PD), to do the fingerprinting and background check through the LiveScan system to search for criminal history on the individual. The results of the LiveScan search are sent to who are responsible for notifying the hiring department and filing the results in the employee's personnel file. If LiveScan returns a positive result, HR notifies the hiring department and works with Labor and Employee Relations to determine next steps to take regarding the new hire.

Controller's Office and UDAR currently require background checks for all employees, since all positions are designated as 'critical'. The change in background check policy to designate all positions as 'critical' was made in January 1, 2007 for both departments and only affect future hires and transfers. Employees that were hired prior to the policy change were considered 'grandfathered in' and would not be subject to the background check requirement. The Controller's Office, however, proactively performed an internal assessment in 2008 and obtained background checks for those employees that were identified without a background check.

UCSF Policy PPSM-21: Appointment, Critical Position Background Checks governs background check processes. Performing background checks on employees hired into positions designated as 'critical' could prevent the hiring of individuals who have committed prior offenses. The risk associated with not performing background checks for individuals hired into 'critical' positions, is that these individuals would then have access to information that could allow them to commit fraud, misappropriate assets, and potentially damage the reputation of the University.

### II. **AUDIT PURPOSE AND SCOPE**

The purpose of this review was to validate whether departments are compliant with University background check requirements including retention of supporting documentation.

The scope of the review covered all current active employees as of March 16, 2015, within the Controller's Office and all active employees as of March 16, 2015, who were hired into UDAR after January 1, 2007.

Procedures performed as part of the review included reviewing personnel files for evidence that a background check was performed. Evidence included the fingerprint request forms stamped, signed, and dated by the PD, the “pass” letter sent by the PD with the results of the background check, and verification via e-mail from the PD. Additionally, the employee’s offer letter was reviewed to confirm the background check requirement had been communicated to the employee. For more detailed steps, please refer to Appendix A.

Work performed was limited to the specific activities and procedures described above. As such, this report is not intended to, nor can it be relied upon to provide an assessment of compliance beyond those areas specifically reviewed. Fieldwork was completed in May 2015.

### III. **SUMMARY**

Based on work performed, AAS was able to validate that 81% of employees had background checks performed and the LiveScan results were maintained in the personnel files.

Opportunities for improvement exist in the areas of receiving and retaining documentation that shows evidence of an employee having a background check performed and being cleared for hiring. To ensure that all offer letters contain language that indicate the position being offered is deemed critical and requires the candidate to successfully pass a background check.

The specific observations from this review are listed below; see Appendix B for tabular results.

- Background check documentation was not always retained as required by policy.
- Offer letters for employees were either misplaced and not in their personnel files, or when located, did not have the specific language stating that the position was designated as critical and required a background check.

**IV. OBSERVATIONS AND MANAGEMENT CORRECTIVE ACTIONS**

<b>No.</b>	<b><u>Observation</u></b>	<b><u>Risk/Effect</u></b>	<b><u>Recommendation</u></b>	<b><u>MCA</u></b>
1	<p><b><i>Background check documentation was not always retained as required by policy.</i></b></p> <p>Review of the 247 selected employees identified the following:</p> <ul style="list-style-type: none"> <li>For 22 employees, no evidence or supporting documentation of background check performance was retained in the personnel files. However, the PD was able to confirm 10 of the 22 employees had a background check performed and passed; and</li> <li>For 25 employees, we could not verify they passed the background check. However, the PD was able to confirm through LiveScan that two of the 25 employees passed the background check.</li> </ul> <p>According to UCSF Human Resources Policy, “In order to minimize risks to campus safety and security, final candidates for and/or employees who are transferred, reclassified or promoted into positions designated as "critical" must undergo background checks.” Additionally, “A satisfactory background check is the absence of a criminal record which bears a demonstrable relationship to the applicant/employee’s suitability to perform the required duties and responsibilities of the position.”</p>	<p>Individuals may be inappropriately hired for positions requiring duties and responsibilities that they are not suited for.</p> <p>Not performing the required background check for critical positions is a violation of UCSF Human Resources policy.</p>	<p>Human Resources should conduct additional research to identify which employees have had background checks performed. For individuals that had a background check completed, request supporting documentation from the PD, file it in the personnel file, and notify the hiring department.</p> <p>Human Resources should establish a process to track and monitor for the completion of background checks and retain the documentation in the personnel files.</p> <p>Hiring Department and Human Resources should determine the appropriateness of having a background check performed for employees, who have not had a background check.</p>	<p>By November 30, 2015, Human Resources will conduct additional research to determine if a background check has been completed for any of the UDAR or Controller’s Office employees identified in this audit as not having documentation of a completed background check in the employee file. Human Resources will work with Legal Affairs to determine the best course of action for UDAR &amp; CO staff without a background check on file, complete and document recommended actions.</p> <p>By June 30, 2016, Human Resources will establish a process for tracking and monitoring background check performance and retention of documents consistent with the UC retention schedule.</p>

No.	Observation	Risk/Effect	Recommendation	MCA
2	<p><b><i>Offer letters for employees were either misplaced and not in their personnel files, or when located, did not have the specific language stating that the position was designated as critical and required a background check.</i></b></p> <p>For 37 of the 247 employees selected for review, we noted that the offer letters in the employees' personnel files did not contain any language stating that the position offered was designated as critical and a background check was required. Of these 37 employees, we were able to determine that a background check was performed for 31 of them, despite the requirement not being communicated to the employee via their offer letter.</p> <p>For 15 of the 247 employees selected for review, we were unable to locate a copy of the employees' offer letters. As such, we were unable to determine if the department communicated to the employee that passing a background check was a requirement for the position. Of these 15 employees, we were able to determine that a background check was performed for 14 of them.</p> <p>Communicating to an employee or potential employee the requirement to successfully pass a background check is prudent to ensure that no legal complications may arise due to lack of communication prior to a background check being requested.</p>	<p>An individual may decline to have a background check performed without proper notification from the department, and as such would be in violation of UCSF Human Resources policy.</p> <p>There may be potential legal implications if it cannot be determined that an individual consented to a background check and one has been performed.</p>	<p>Human Resources should implement a process to ensure that all final, signed copies of employee offer letters are retained in the employee's personnel files.</p> <p>Human Resources should work with hiring departments to develop a process to ensure consistency in communicating background check requirements for all positions deemed critical in employees' offer letters going forward.</p>	<p>By March 31, 2016, Human Resources will implement a process to ensure that all final, signed copies of employee offer letters are retained in the employee's personnel files.</p> <p>By December 31, 2015, Human Resources will work with hiring departments to develop a process to ensure consistency in communicating background check requirements for all positions deemed critical in employees' offer letters going forward.</p>

### APPENDIX A

To conduct our review the following procedures were performed for the areas in scope:

- Reviewed relevant policies relating to background checks and critical positions
- Interviewed key personnel to validate processes
- Reviewed personnel files for pertinent documents
  - Fingerprinting request form with a UCSF PD stamp (signed and dated)
  - Pass letter from UCSF PD indicating clearance for hiring employees
  - Offer letter that includes language stating a background check is required for the position
- Performed follow up with HR as it related to missing files and documentation
- Obtained supporting e-mail evidence from HR as it related to background check validation with the UCSF PD.

**APPENDIX B**

Background Check Documentation	UDAR	Controller's Office	Totals	Percentages
<b>Total Employee Population</b>	<b>155</b>	<b>136</b>	<b>291</b>	
Employees with hire dates BEFORE 1/1/2007*	38	57	95	
Student workers who are excluded from background checks per HR Policy	6	-		
<b>Population in Scope for Testing</b>	<b>111</b>	<b>136</b>	<b>247</b>	
Background checks performed and evidence of results retained*	85	115	200	81.0%
Background checks performed, AND:				
(a) No evidence of background check results were able to be located***	6	17	23	9.3%
(b) UCSF Police Department was able to verify that employees had been fingerprinted and a pass letter was sent to HR****	2	-	2	0.8%
No evidence of background checks performed, but UCSF Police Department was able to verify that employees had been fingerprinted and a pass letter was sent to HR****	9	1	10	4.0%
No evidence of background checks performed	9	3	12	4.9%
<b>Check Totals</b>	<b>111</b>	<b>136</b>	<b>247</b>	<b>100%</b>
Offer Letters	UDAR	Controller's Office	Totals	Percentages
<b>Population in Scope for Testing</b>	<b>111</b>	<b>136</b>	<b>247</b>	
Employee offer letters stated background check required	99	96	195	<b>79%</b>
Employee offer letters did not state background check required	12	25	37	<b>15%</b>
Offer letters unable to be located	-	15	15	<b>6%</b>
<b>Check Totals</b>	<b>111</b>	<b>136</b>	<b>247</b>	<b>100%</b>



**Legend**

- \*Departmental policies requiring 100% of employees to have background checks performed was implemented in 2007 and going forward for both the Controller's Office and UDAR. However, the Controller's Office went through an internal review process in 2008 to identify employees who had not had a background check performed at that point, and performed background checks on those employees. As such, the entire population of active employees working within the Controller's Office was tested (date of population as of 3/16/2015). UDAR did not perform an internal assessment on employees hired prior to 1/1/2007, and as such, those employees were excluded from testing.
- \*\*Fingerprinting request form with signed/stamped from UCSF PD was retained and/or Pass Letter/Memo from UCSF PD stating background check had been performed and employee passed.
- \*\*\*Fingerprinting request form with signed/dated stamp from the UCSF PD was retained. However, no pass letter from the UCSF PD was retained.
- \*\*\*\*The PD maintains a database of employees whose fingerprints have been processed through the LiveScan system. This database only goes back to 2007. HR or AAS reached out to the UCSF PD to obtain confirmation that a background check was performed for employees that AAS was unable to locate any documentation for. The UCSF PD was able to confirm that a background check had been performed for the employees.