

The logo for UCIrvine, featuring the letters 'UCI' in a large, bold, serif font, followed by 'RVINE' in a smaller, all-caps, serif font. A vertical line separates the 'UCI' and 'RVINE' parts.The text 'INTERNAL AUDIT SERVICES' in a serif font, positioned to the right of the UCIrvine logo.

Background Checks

Internal Audit Report No. I2017-108

June 29, 2017

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INTERNAL AUDIT SERVICES
IRVINE, CALIFORNIA 92697-3625

June 29, 2017

RAMONA AGRELA
ASSOCIATE CHANCELLOR & CHIEF HUMAN RESOURCES EXECUTIVE

RE: Background Checks Audit
No. I2017-108

Internal Audit Services has completed the review of background checks and the final report is attached.

We extend our gratitude and appreciation to all personnel with whom we had contact while conducting our review. If you have any questions or require additional assistance, please do not hesitate to contact me.

Mike Bathke

Mike Bathke
Director
UC Irvine Internal Audit Services

Attachment

C: Audit Committee

Pamela James, Executive Director, Campus Human Resources
Michelle Quint, Executive Director, Health Sciences
Stephen C Eckberg, Executive Director, Medical Center
Sam Strafaci, Client Services Director, Campus Human Resources
Kristie Heck, Human Resources Manager, Health Sciences
Steve Johnson, Manager, Talent Acquisition and Temporary Employment Services

I. MANAGEMENT SUMMARY

In accordance with the fiscal year 2017 audit plan, University of California, Irvine (UCI) Internal Audit Services (IAS) conducted a review of background check processes at Campus Human Resources (HR), Health Sciences HR, and Medical Center HR. The review focused on the positions deemed critical by University policies as well as the divisions selected for review. The review disclosed oversight and compliance issues that should be improved to minimize risks and ensure compliance with University policies and procedures and best business practices. The following concerns were noted.

Background Check Policies and Practices – UCI background check policies require review and revision to ensure compliance with University of California, Office of the President (UCOP) policy and current practices. Also, a monitoring process has not been established and implemented to ensure that background checks and updates are completed and obtained as required by UCOP policy. Several inconsistencies in background check practices were noted between the Campus/Health Sciences and a disparity in the method of completing and obtaining background check results was noted. These observations are discussed in section V.1.

Background Check Compliance Reviews – There were instances where background checks were not completed or background check updates for continued employment were not obtained as required by policy and not obtained in a timely manner. Further details related to these observations are provided in section V.2.

II. BACKGROUND

The purpose of the a pre-employment check of a candidate's background serves as an important part of the selection process and is conducted to promote a safe work environment; protect key organizational assets such as people, property, and information; and enables the hiring authority to make prudent hiring decisions based upon more comprehensive job-related information.

UCOP policy – Personnel Policy for Staff Members 21 (PPSM-21), sets forth policies and procedures of the selection process for potential appointments, the scope of background checks for each applicant, etc. The policy states that a background check is required of “final candidates for critical positions and employees who are promoted, reclassified, or transferred into critical positions.” In addition, it states that “Appointment to or continued employment in a critical position is contingent upon the successful completion of a background check. Except for fingerprinting, a background check is completed prior to appointing a person to a critical position. A background check that includes fingerprinting may be completed after appointment, and the results shall be used to assess the employee's suitability for continued University employment. All Medical Center positions are considered critical and are subject to background checks.”

Positions with critical or sensitive duties and responsibilities are designated as critical on the job description. The following are examples of functions that are deemed critical which require a background check:

- direct responsibility for the care, safety and security of humans;
- direct responsibility for the care, safety and security of personal, public or University property of a significant value;
- direct access to or responsibility for cash;
- access to secured and/or confidential data files, essential electronic information resources and/or confidential information;
- direct contact with minors.

UCI launched an innovative new human resources (HR) model in October 2016 with the implementation of three HR local specialty units, Campus HR, Medical Center HR, and Health Sciences HR. It should be noted that the Health Sciences HR clients include the School of Medicine (SOM), School of Nursing, Pharmaceutical Sciences, and Public Health. “The new structure takes advantage of best practices and the very talented HR professionals in all three units to create a strong, more efficient HR team at UCI. The model preserves the three units and each unit's unique culture and personality while elevating strategic, enterprise-wide initiatives to the new center of excellence named HR Partnership for Strategy & Innovation.”

Each unit's unique culture and personality is reflected in each unit's background check practices. For example, Campus HR required background checks of all new hires, including transfers, promotions, and reclassification, as of May 2006.

The Health Sciences HR (formerly SOM HR) and Medical Center HR requirements have been more restrictive in that background checks were always required for all hires. The Medical Center HR's background check practices adhere to the UCOP policy.

III. PURPOSE, SCOPE, AND OBJECTIVES

The objective of the audit was to determine whether there are adequate processes in place to ensure that background checks were performed as required by policy. The scope of the review focused on the established background check practices for positions deemed critical in fiscal year 2015-2016 for the Medical Center, five Campus divisions, and the SOM.

Based on the assessed risks, the following audit objectives were established.

1. Determine whether background checks were performed for positions deemed critical as required by University policies.
2. Determine if background checks were performed and in a timely manner as required by UCOP policy.
3. Determine if there is proper monitoring and oversight of the background check practice and process.

IV. CONCLUSION

Based on our review, there are established processes in place to ensure that background checks are completed properly and timely. However, IAS identified compliance issues and concerns in the areas of consistent practices and processes as well as the monitoring and oversight of background checks.

Observation details and recommendations were discussed with management, who formulated action plans to address the issues. These details are presented below.

V. OBSERVATIONS AND MANAGEMENT ACTION PLANS

1. Background Check Policies and Practices

Background

Three HR teams work independently to support and provide services at the Campus, Health Sciences and the Medical Center. In addition, two different systems, Department of Justice Live Scan (Campus and Health Sciences) and HireRight (Medical Center), are utilized to obtain background check results.

a) Policies

Observation

IAS noted the following observations during the review of the background check policies.

- Health Sciences HR does not have a background check policy and nothing could be found for SOM prior to the HR reorganization in 2016. IAS was told that Health Sciences uses the Campus background check policy but Health Sciences appears to align better with the Medical Center policy. In addition, the Medical Center and Campus have separate background check policies, which include different requirements for similar positions that may result in inconsistent practices. For example, the Medical Center policy states that offer letters must include that employment is contingent on successful completion of a background check but Campus policy does not include that stipulation.
- In April 2006, the Chancellor issued a directive requiring all staff to complete background checks as a best business practice. IAS noted that the campus policy has not been updated since June 2003 or revised to include the Chancellor's directive requiring all staff to complete a background check (Medical Center policy requires all employment categories to have a background check).
- UCOP policy states that appointment to or continued employment for all Medical Center positions, which are considered critical positions, are contingent upon the successful completion of a background check.

However, this policy requirement is not noted or reflected in the Medical Center policy. Furthermore, Medical Center HR has not implemented and enforced this policy requirement requiring background checks when transfers, promotions, or reclassifications occur.

Management Action Plan

In April 2015, the Chancellor unified all of HR by moving oversight of staff HR throughout the organization to the Chancellor's office under the leadership of the Associate Chancellor/Chief HR Executive. Elevating the visibility and leadership of HR to the Chancellor level enabled more efficient, more responsive and more consistently high-quality support to all UCI staff.

Months of thoughtful planning have resulted in a refined HR model which respects the differences across three unique business enterprises – Medical Center, Health Sciences, and Campus – while also optimizing across common strategic goals, planning, practices, and unmet organizational needs. HR believes this model will enable high-quality services and support at UCI, while minimizing risk.

Our shift to the new structure took place in three phases. Phase I resulted in the hiring of executive directors. Phase II saw the implementation of three Local HR Units (units): Medical Center HR, Human Resources HR, and Campus HR. Each unit is led by an executive director reporting directly to the Associate Chancellor/Chief HR Executive. In phase III, we established a separate community of excellence, called the Partnership for Strategy and Innovation (Partnership) to serve as a strategic center responsible for planning and implementing strategic initiatives across the entire UCI enterprise. This model allows the HR units to serve their respective customers with the highest level of quality and responsiveness while the Partnership provides enterprise-wide strategic planning and support.

The background check process is an example of how we are leveraging expertise across the UCI enterprise while allowing the units to serve their respective customers.

HR will evaluate the current UCI background practices to ensure they conform to UCOP policy and well as meeting the needs of three unique business enterprises.

b) Practices

Observation

IAS noted the following observations during the review of the background check practices.

- In 2013, Campus HR established a practice to verify that all new external hires had completed a background check on a quarterly basis. For verification, Campus HR downloaded payroll data for new hires and compared the list to the background check database information. However, this practice was not performed every quarter and IAS found instances when some new external hires had not completed a background check.
- Campus and Health Sciences HR have not established and implemented a monitoring process to ensure that all positions deemed critical at the time of promotion, reclassification, recruitment, or transfer had completed a background check.
- IAS noted that the Medical Center has an established and formal onboarding process that is centralized and implemented for all recruitment processes which is performed by Medical Center HR talent acquisition specialists.

At the Campus and Health Sciences, the recruitment process is decentralized at the department level and managed by personnel managers and analysts with oversight by Campus HR, leading to inconsistent practices being applied. For example, IAS noted variances in the background check practices among the five divisions on Campus and SOM departments that were selected for review. Some departments required background checks on all positions, while other departments implemented a practice of requiring background checks on external hires in addition to the policy requirements on those positions deemed critical.

- Two different agencies are contracted to perform background checks at UCI, and may provide different results based on the limitation of services. For example, Campus HR contracted to obtain data on all arrests and criminal convictions as well as notifications of arrests subsequent to hire from Live Scan but the Medical Center HR did not opt to obtain such data

in the contract with HireRight. The following table summarizes key differences between the two background checks.

	Live Scan (DOJ)	HireRight
Utilized by	Campus/Health Sciences	Medical Center
Cost	\$50 - \$100, depending on extent of search	\$58 - \$98, depending on package
Turnaround Time	3 to 7 business days, depending on extent of search	2 to 4 business days
Data Provided	All arrest and criminal convictions. In addition, notification of arrests subsequent to hire is also provided.	Criminal convictions limited to 7 or 10 years in certain states. NOTE: Medical Center opted not to pay for an additional service, notification of subsequent arrests.
Method	Fingerprints scanned at UCI Police Department, submitted to California Department of Justice for review	Paper reviews by name, etc.

Management Action Plan

Campus and Health Sciences HR Talent Acquisition will begin a monthly monitoring process to cross check all new hires with Live Scan background check completions. Two staff members will be cross trained to regular and consistently monitor the results. They will identify and rectify any missing background checks and ensure they are completed.

The Campus does not have the regulatory and certification requirements as imposed on the medical center so their background check process is different but meets the needs of their clients.

The Medical Center currently uses Evercheck to verify licenses or certification expirations, disciplinary actions and/or restrictions. Evercheck was put into place to ensure compliance with a Joint Commission and Magnet Certification standards.

As a result of observations of this audit, Medical Center HR will evaluate replacing HireRight with Live Scan as a vendor, but will likely need to retain Evercheck for Joint Commission and Magnet credentialing requirements.

2. Background Check Compliance

a) **Campus (Law, Social Ecology, Housing, and Baseball Camp, Archery Camp)**

Observation

- For 22 of 113 new hire positions reviewed (19 percent), a record of the employee was not in the Live Scan system. During the audit, all current employees were scheduled for Live Scan and cleared the background check.
- For 19 of 71 promotion, reclassification, and transfer positions reviewed (27 percent), background check clearance notifications were not on file to document that employees completed a background check and obtained updates on subsequent arrests for review prior to the appointment as required by policy.
- For 18 of 71 positions reviewed (25 percent), background checks were not completed in a timely manner (at the time of hire, promotion, reclassification, or transfer).
- Many of the offer letters reviewed lacked appropriate language stating that appointment is contingent upon successful completion of a background check.

Management Action Plan

Campus HR will review and revise the current onboarding process to include the following.

1. Campus HR Talent Acquisition will revise and distribute an updated offer letter and an updated reclassification letter that includes wording that reflects the requirement that a background check must be completed and cleared prior to starting employment.

2. Campus HR Talent Acquisition will update the Onboarding checklist to emphasize the expectation that the background check process must be completed and cleared prior to the employee's start date.
3. Campus HR Talent Acquisition will begin a monthly monitoring process to cross check all appointments with Live Scan background check completions. Two staff members will be cross trained to regular and consistently monitor the results. They will identify and rectify any missing background checks and ensure they are completed.
4. Any updates on arrests from Live Scan will be forwarded to appropriate manager and CPO contact within 48 business hours of receipt.
5. Campus HR Talent Acquisition will update their website to provide consistent wording regarding the timing of background checks.
6. Campus HR Talent Acquisition will communicate the Management Action Plan to all CPOs at the HR/CPO meeting and distribute the information via email.

b) SOM

Background

In SOM, recruitment processes are decentralized and managed by the 24 hiring departments. All hiring processes are initiated and handled by the hiring departments with the exception of certain positions such as MSOs and CAOs which is handled by the SOM dean's office.

Observation

During FY 2015-2016, the background check process for three positions (finance analysts, management service officers, and chief administrative officers) were selected for further review.

- For 15 of the 80 new hire positions reviewed (18 percent), a record of the employee was not in the Live Scan system.

- For 28 of 65 promotion, reclassification, and transfer positions reviewed (43 percent), background check clearance notifications were not on file to document that employees completed a background check and obtained updates on subsequent arrests for review prior to the appointment as required by policy.
- For 18 of 63 positions reviewed (27 percent), background checks were not completed in a timely manner (at the time of hire, promotion, reclassification, or transfer).

Management Action Plan

In fall of 2015, SOM HR was tasked by AVC of Administration, Chief of Staff to begin centralizing HR functions across the 34 distinct departments and units within SOM. This grew to include the entire College of Health Sciences beginning in July 2016. The centralization was a risk management initiative first, and an effective people management strategy second. Functions that were centralized immediately were offer letters for staff and reclassifications and promotions. Through this process, HR controls the onboarding for all staff and background checks are embedded into the process. The candidate cannot move forward without completion and clearance of a DOJ background check. Further, in utilizing the Live Scan service, Health Sciences is subscribed to subsequent arrest notifications for each active employee. When an employee is reclassified or promoted, a check of the Live Scan database for any convictions from date of hire is performed.

These centralization efforts have greatly reduced the opportunity for error in missing or incomplete background checks in Health Sciences HR and expect this will result in full compliance with background check policy.

c) Medical Center

Observation

For the Medical Center three position titles, 70 admit workers and supervisors, 18 managers, and 19 security officers and supervisors, were selected for review. Employees working in these positions were reviewed to determine if background checks were completed prior to appointment as required by policy. The following is a summary of the observations.

- Ten of 107 (9 percent) positions reviewed, background checks were not timely completed and cleared by Medical Center HR (anywhere from one day to 41 weeks after the hire or start dates).

Management Action Plan

1. Medical Center will evaluate replacing HireRight with Live Scan as a vendor, but will likely need to retain Evercheck for Joint Commission and Magnet credentialing requirements.
2. Onboarding process maps will be reviewed and a quality control mechanism will be implemented to assure all background information is obtained and evaluated prior to start dates on new employees.