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KPMG, LLP

**Background Investigations of
Domestic Employees**

KPMG, LLP

22,000+ US Employees
100,000+ Worldwide Employees





Campus Recruitment Experienced Hires

FY09

- ◆ **5,788 Employee Background Investigations**
- ◆ **78% Campus Hires**
- ◆ **22% Experienced Hires or Other**



Why Do We Conduct Background Investigations?

- ◆ To provide Our Employees with a Safe and Secure Working Environment
- ◆ Risk Management
- ◆ Our Clients Expect to Know Who is Assigned to Their Engagement
 - Badge Access to Client Facility
 - Privacy Concerns

What Kind of Background Investigation?

Campus Hires

- ◆ Trace
- ◆ Credit
- ◆ Criminal (all residential addresses after 18 years of age {last 7 years} AND all college addresses within the last 7 years)
- ◆ NDB (National Criminal Database)
- ◆ Driver's License

Level 2: Admin/Professional Candidates Earning Less than \$75,000

- ◆ **Education**
- ◆ **Professional License**
- ◆ **Employment Verification covering the past seven years only (meaningful jobs only.)**
- ◆ **Credit**
- ◆ **Trace**
- ◆ **Felony Criminal/Misdemeanor Check (residential addresses for the last 7 years and/or college addresses). Addresses are taken from the application as well as the SSN trace.**
- ◆ **NBD (National Criminal Database)**
- ◆ **Driver's License**

Level 3: Professional Staff Earning \$75,000 to \$99,999

SEE LEVEL 2 PLUS:

- ◆ **The work on the level 3 candidates is the same as the level 2 inquiries, with one exception: civil records are also reviewed covering the past seven years at residential addresses.**

Level 4: Professional Staff Earning More than \$100,000

- ◆ Education (Highest)
- ◆ Professional License
- ◆ Employment Verification (7 years only)
- ◆ Supervisors – 3 maximum
- ◆ References (2) if provided
- ◆ Credit
- ◆ Trace
- ◆ County and Federal court checks (7 years) at residential addresses
- ◆ Felony Criminal/Misdemeanor criminal checks at employment addresses if different from others
- ◆ NBD (National Criminal Database)
- ◆ Newspaper review
- ◆ Scan
- ◆ Driver's License

KPMG NEW YORK: Level 5

- ◆ Education (Highest)
- ◆ Professional License
- ◆ Employment Verification – Unlimited (ALL)
- ◆ Supervisors
- ◆ References (2)
- ◆ Credit
- ◆ Trace
- ◆ County and Federal court checks at residential addresses and employment addresses
- ◆ SEC check
- ◆ Newspaper review
- ◆ NBD (National Criminal Database)
- ◆ Driver's License

Adverse Results of Investigation

- ◆ **The HR manager is responsible for assessing the severity of any adverse findings for assisting the performance manager in making a decision regarding continuation of employment.**
 - Prior to taking action, to ensure fairness and consistency throughout the firm, the HR manager should review the decision with KPMG Security and OGC
 - HR manager must take action within 5 days for educational discrepancies

Adverse Results of Investigation (p.2)

- HR manager must take action within five days for undisclosed felonies or serious misdemeanors.**
- Only Firm Security, OGC, or HR leadership can make an exception to these deadlines.**

Adverse Results Most Often Found In:

- ◆ Employment History
- ◆ Criminal History
- ◆ Education Verification

Question #3

- 3a. Have you ever been convicted of a crime or pled guilty to a violation of any federal, state, county, military, or municipal laws? (Note: In most jurisdictions, DWI or “Driving while Intoxicated” and DUI or “Driving under the Influence” are criminal offenses.)**
- 3b. If you responded “yes” to question 3a, please list below the date and place of the offense, the charge, and the disposition. Include any convictions resulting from court martial while in the military. Do not include arrests without convictions, charges that have been formally (i.e. legally) expunged, or motor vehicle violations for which the only penalty imposed was a fine of \$300 or less. **IMPORTANT:** The existence of a criminal record does *not* constitute an automatic bar to employment.**

KPMG Has a Zero Tolerance Policy

- ◆ **Background Checks are not always routine**
 - Fair and consistent interpretation
 - Why court documents are necessary
 - Exculpatory evidence
 - Zero Tolerance Policy Exceptions

Why Check an Applicant's Credit History?

- ◆ It may be relevant to the job.
- ◆ Our client's may care.
- ◆ A credit report includes current and prior addresses and often lists previous employments not listed by the applicant.
- ◆ A credit report is another form of name identification and social security number verification.
- ◆ Individuals with poor credit may be more inclined to steal to make up for financial problems.

Why Check an Applicant's Credit History? (continued)

- ◆ Individuals with high salaries and poor credit could indicate costly habits such as gambling, drugs, etc.
- ◆ Poor credit can be indicative of poor decisions, such as unnecessary loans, over spending and high credit balances.
- ◆ Poor decisions in one's personal life may carry over into the workplace.

Can Firm Use Bad Credit to Deny A Job To

- ◆ Receptionists
- ◆ Purchasing Department
- ◆ Office Accounts
- ◆ Professional Staff

Best Practice

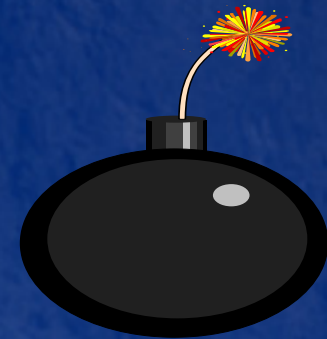
- ◆ **As a general rule, credit report should only be used as one part of the overall background investigation.**
 - HR manager should discuss any negative information with employee
 - Discuss with Firm Security or OGC

Bankruptcy

- ◆ **Title II US Code guarantees protection to consumers who have checked bankruptcy and specifically prohibits using any bankruptcy information against a job applicant.**

Adverse Action

- ◆ **BEFORE** taking adverse action user must provide consumer with:
 - Copy of consumer report
 - Summary of Rights as prescribed by FTC/FCRA





Questions?