

Agenda Report

March 30, 1998

TO: City Council
FROM: Acting City Manager
RE: Background Investigations on New Employees

RECOMMENDATION:

It is recommended that the Council receive and review this report on background investigations. This is an information item, and no action is required by Council at this time.

BACKGROUND:

In recent weeks, the agenda for the City Council listed an item for discussion on the subject of background investigations. This agenda report provides the City Council with information concerning the City's policy and practice on this matter.

Elements of a Background Investigation: A background investigation may include one or more of the following:

- Medical review, including drug screen - Performed on all new hires
- Driver's license check - All new hires who are required to drive must submit verification of their driver's license status
- Reference checks with current or past employers - Most hiring authorities will attempt to conduct reference checks. However, because of privacy laws which protect individuals from unreasonable intrusions into private, non-job related activities, much of this information has been restricted by many employers.
- Education Verification - Because our qualification standards for most City positions permit the substitution of equivalent experience for a degree, education verifications are rarely conducted, except for those positions which require specific licenses or registration.
- Credit checks - A credit check may be performed on new employees who hold significant fiduciary responsibility in their position.

- Criminal history review - Other than public safety employees, state law requires that all public recreation employees who have contact with minors undergo a criminal history review.

Authorization to Conduct a Background Investigation:

- Each applicant for employment signs a general authorization for the City to conduct a background review consisting of a reference check from current and previous employers, scholastic standing, pre-employment medical review, criminal history check, and any other matter submitted on their application form. If an extensive background is necessary, further authorization from the prospective employee is requested (copy attached).
- The Manual of Personnel Rules, Practices and Procedures provides that “offers of employment are conditional pending completion of a background investigation,” and if the individual has started employment even though the background investigation is not complete, that “employment is conditional upon passing the background investigation.”
- The appointing authority (normally the director of a department) has the authority to authorize the extent of the background investigation.

Cost and Authorization for Payment of Background Investigation Services:

- The department head has the authority to designate employees within the department to authorize payment for background investigation services.
- Thus far, all payments for background investigations have been approved by a top management employee or the budget analyst who reported directly to the department head.
- The cost of a background varies, depending upon the information requested, the necessity to further research outstanding issues, and who is providing the service.

For example, a background may consist of a basic database search of available public records (credit, driver’s license, consumer public filings, criminal) and absent the need for further examination, may cost approximately \$650 per individual. The need to research further adds proportionately to this initial cost.

Also, a background review may include a site visit to the candidate’s community, which could include travel expenses for the investigator. Or psychological testing is another variable cost.

Finally, the costs for backgrounds vary by search firms. Some may have the capability to conduct background investigations and the costs are incorporated in the basic recruitment charges. Others may subcontract for background services and will bill the City for that service as an additional cost. Or the City may hire its own background investigator if the search firm is unable to provide this service.

City Policy and Practice on Background Investigations (Executive Positions)

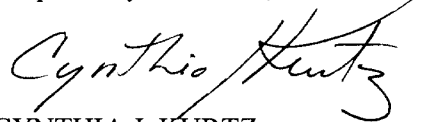
- Executive Positions - All newly-hired executives, at a minimum, have always had a comprehensive reference check as well as a pre-employment medical review. Over the past few years, based upon the requests from the hiring authority, the background investigations have been expanded to include reviews of credit, criminal history, driver's license, education, and in certain situations, psychological testing.
- The background reviews are generally conducted by or coordinated by the executive search firm as part of their service. If the search firm does not have the capability to conduct all elements of the background, they have subcontracted out those elements of the background, or the City has hired an investigative agency and/or utilized the Police Department to conduct those aspects of the background.

Policy and Practice of Other Agencies

- A recent survey of other agencies shows that background investigations are handled in a similar fashion as Pasadena for executive positions in that many of the agencies conduct references from prior employers, credit checks, driver's license verification, education verification and pre-employment medicals. Most of the agencies use their Human Resources Department to administer the background investigations. Two agencies were found to have formal written policies, and these are under review by our Human Resources Department to determine if there are aspects which should be adopted or incorporated into the City's policy.

Although the need for a more extensive and thorough background investigation is situational, depending upon the job responsibilities of the position, it is prudent for new employees who are in a position of public trust, responsibility and authority, such as executive employees and public safety employees. Such is communicated during the recruitment period and necessary pre-authorization to conduct the background check is obtained from the individuals.

Respectfully submitted,



CYNTHIA J. KURTZ
Acting City Manager

Prepared by:



ROBERT PERSON
Acting Director of Human Resources