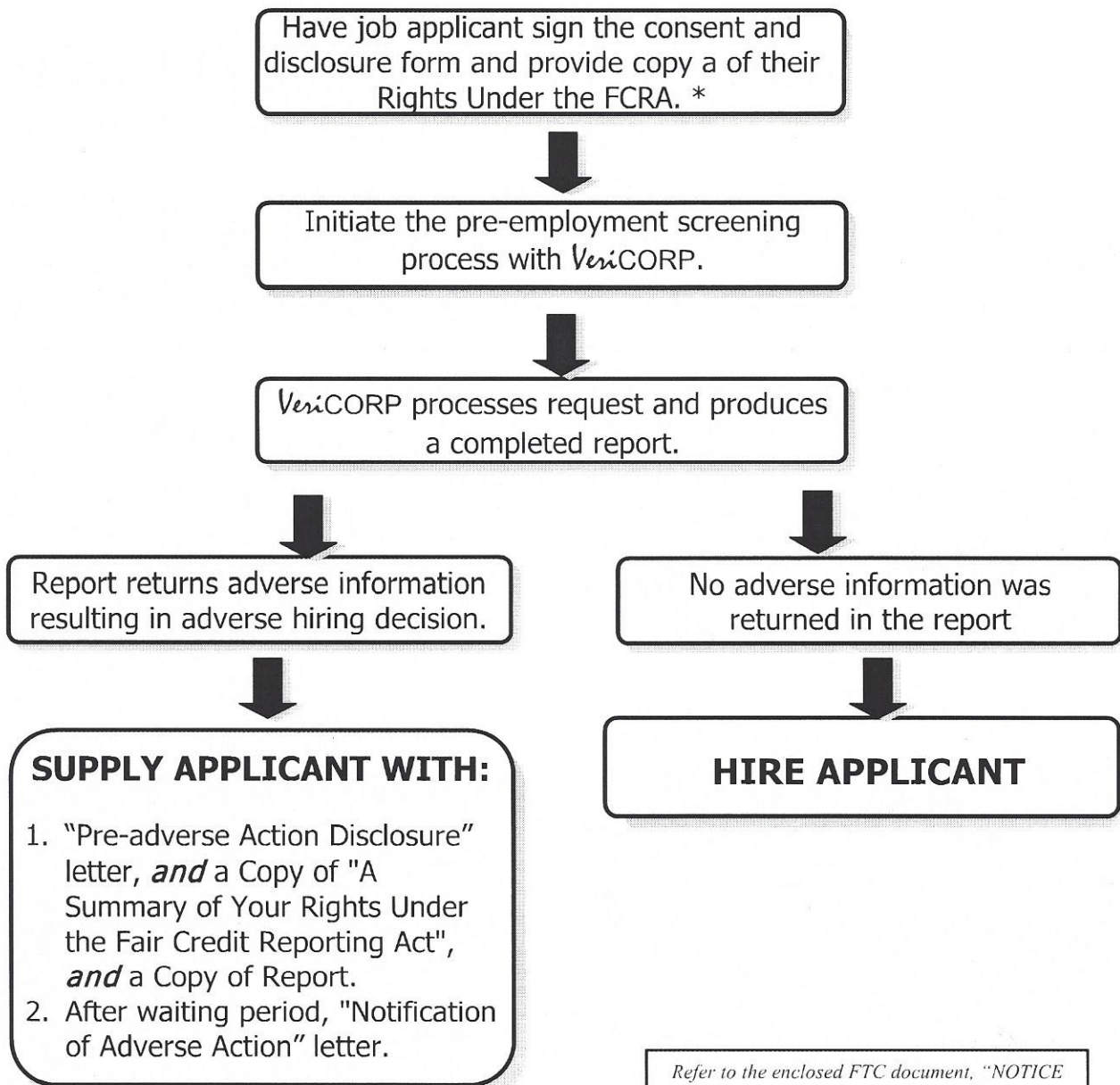


# FCRA COMPLIANCE FLOW CHART



*Refer to the enclosed FTC document, "NOTICE TO USERS OF CONSUMER REPORTS - Obligations of Users under the FCRA", for complete compliance information. Always check with your VeriCORP Account Manager if you have any questions about the process.*

*\* You must provide a copy of "A summary of Your Rights Under the Fair Credit Reporting Act with the Consent and Disclosure form if you are conducting an investigative consumer report. This is any report that contains employment verification, personal and/or professional references*



## EZyCHECK™

### Background Screening Summary of Process

The purpose of this document is to present educational information about compliance with the federal Fair Credit Reporting Act (FCRA) law as it applies to how employers obtain background reports from a background screening company. Employers must also comply with any applicable state, international or industry (e.g. transportation, financial services, healthcare, etc.) regulations. This document is not to be construed as legal advice, nor is it intended to be comprehensive review of the legal aspects surrounding background checking. VeriCORP advises its clients to consult with their employment counsel when establishing a background checking program.

The following are the key steps that an employer must take to obtain a background report on an applicant/employee.

#### 1. Optional – Initial Notice

Initial Notice advises all employees and applicants that the employer conducts background screening. If an Initial Notice is used, it must be provided to all employees and applicants in order to not appear discriminatory. It is recommended that such notice occur prior to requesting written authorization for background screening.

Some methods for Initial Notice include:

- ◆ Signs in Human Resources Department or employment application areas
- ◆ Letters or notices to current employees
- ◆ Statement on the company's website
- ◆ Statement in advertising, job postings, employment applications or other recruiting tools

#### 2. Required – Disclosure to Applicant/Employee

Employer discloses in writing to applicant/employee that s/he will be the subject of a background report as part of the employment selection process.

Before a background report for employment purposes may be procured from a background screening company by the employer, disclosure must occur. Disclosure is the act of informing the applicant/employee that s/he will be the subject of a background investigation. The disclosure must be in writing. The FCRA permits the disclosure be combined with the authorization (see #3 below).

The employer must retain the original document. It is recommended that the applicant/employee be offered a copy of the document. Although not required, "A Summary of Your Rights under the Fair Credit Reporting Act" may be provided to the



applicant/employee at this time. However, the *Summary of Rights* document must be provided to the applicant/employee whenever a copy of the actual background report is provided to the applicant/employee (see #8 below).

**3. Required – Written Authorization**

Employer obtains signed authorization for preparation of a background report from applicant/employee.

The FCRA permits the authorization be combined with the disclosure. Further, the disclosure and authorization may also be used to collect identifying information about the applicant/employee. Regardless of whether combined with the disclosure or as a standalone document, the authorization must be signed by the applicant/employee before a background report may be procured from a background screening company.

4. Employer provides information about the applicant/employee to the background screening company and requests background screening.
5. Background screening company conducts the background checks which were requested by employer and prepares background report.
6. Background screening company provides background report to the employer and, if requested by applicant/employee, provides copy to applicant/employee.
7. Employer reviews completed background report and determines if any information will adversely impact employment decision. If no adverse impact results from information in the background report, the employer will proceed with other steps in the employment process.

NOTE: Steps 8-11 are used only when an employer is considering an adverse employment action.

**8. Required – Adverse Action Procedures (Pre-Adverse Action)**

If employer is considering an adverse employment action based in whole or part on information in the background report, the employer must:

- a) Notify applicant/employee,
- b) Provide a copy of the background report, and
- c) Provide "A Summary of Your Rights under the Fair Credit Reporting Act."

An adverse employment action includes not hiring an applicant, not promoting an employee, not retaining an employee, or any other action which has an adverse impact on the individual's employment status. Whenever an adverse action is being considered based in whole or part on information in the background report, no actual adverse action may be taken until the applicant/employee is so advised. In doing so, the employer must inform the applicant/employee that adverse action is being considered.

Further, the employer must provide the applicant/employee with:

- a) A copy of his/her background report,
- b) A copy of "A Summary of Your Rights under the Fair Credit Reporting Act," and
- c) A reasonable period of time to dispute the accuracy or completeness of information in the report.

The FCRA does not specify how long an employer must wait after the pre-adverse action notice before actually taking adverse action. According to the Federal Trade Commission (FTC), employers should "...keep in mind the clear purpose of the provision to allow consumers to discuss reports with employers or otherwise respond before adverse action is taken." Thus, the applicant must have a meaningful opportunity to review the information and to respond.

The FTC has suggested five (5) business days as a reasonable amount of time. If the employer falls under the auspices of the US Department of Transportation, three (3) business days should be allowed.

Although not required by the FCRA, it is recommended that the pre-adverse action notice be provided to the applicant/employee in writing.

9. Applicant/employee contacts background screening company if s/he disputes any information in background report.
10. Background screening company re-investigates any disputed items of information and issues updated report to employer and applicant/employee.

**11. Required – Adverse Action Procedures**

Employer reviews updated report, if applicable, and makes final employment decision. If the employment decision is adverse, a notice of adverse action is sent to applicant/employee.

If the employee/applicant is denied employment, promotion or is dismissed based in whole or in part on information contained in the background report, s/he must be given a written notice of adverse action. This notice may be given only after the employer has followed the required pre-adverse action process and the applicant/employee has had the opportunity to dispute.

The adverse action notice does not need to include the specific reason for the adverse action, but must:

1. State that the adverse action is based either in whole or part on information contained in the background report provided by the background screening company.
2. State that the Consumer Reporting Agency (the background screening company) did not make the adverse employment decision and does not know the basis for the decision.
3. Include the name, address, and toll free number of the background screening company.
4. State that the applicant/employee has the right to obtain another free copy of his/her background report within the next 60 days.

NOTE: If a background report is obtained without disclosure and authorization because of suspected wrongdoing and adverse action is taken, only a summary of the background report need be provided and certain sources may be redacted.





## EMPLOYMENT SCREENING SERVICES

### Description of Searches

**Social Security Number Search (SSN)** When hiring an employee or screening a volunteer, an important step is to begin to verify the individual's identity by conducting a Social Security Number (SSN) Search. This search provides information on an applicant's name, past addresses and movement patterns based on the SSN provided to us (NOTE: information from the Social Security Administration is not used in this report). In addition to returning information on a SSN, this search provides a report with the following: Full name and/or alternate names used by an applicant, dates at listed addresses, age/date of birth, and available phone information. This is an investigative starting point that provides a more complete background search when combined with additional screening services. *Turnaround Time: Instant*

**SSN Match Direct™** Processes the Form SSA-89 to retrieve 100% accurate results on Social Security Numbers. SSN Match Direct™ is the only way to receive data directly from the SSA. Features include:

- Provides "Match", "No Match", or "Deceased" result
- Requires consent Form SSA-89
- US Patriot Act compliant
- Fulfills FACTA Red Flag Rule requirement

*Turnaround time: 24 hours*

**County Criminal Search** Based on the candidate's address history, the County Criminal Search is considered the most accurate and comprehensive criminal background search. VeriCORP utilizes a team of researchers to access criminal records directly from the courthouses in the county(ies) you are requesting. We utilize public access terminals or "hand pulled" criminal searches to directly examine county criminal felony and/or misdemeanor court records, rather than using an aggregated criminal database. Multiple counties may be selected per applicant and the counties may be found by county name, city, zip code or use our convenient Auto Search button. It is recommended searching the county of residence and/or prior counties of residence, employment or education. *Turnaround Time: Average 1-3 days*

**Civil Records Search** These relate to non-criminal lawsuits by or against a person or company. **County Civil** courts are searching Upper courts and are based on the dollar amount of the action. The dollar amounts will vary by state and/or county. Civil search of court records for, but not limited to: Wrongful terminations, litigated workers' compensation suits, personal injury suits, product-liability suits, sexual harassment, fraud, embezzlement, judgments for nonpayment of goods, and litigation related to divorce, marriage, and child custody and other civil actions. **Federal Civil** actions relate to Federal statutes and would include EEOC, EPA, Treasury or SEC fraud, Civil Rights, etc. *Turnaround Time: 1-3 days*

**State Criminal Search** Administrative Office of the Court (AOC) Report or Law Enforcement Repository. Accesses the statewide criminal repository, if available, in a given state. Statewide Criminal Searches provide access to public criminal records from the applicable state. Search results may include felony, misdemeanor, and/or traffic-case information. The type of data and number of years of information will vary state to state. It is important to know that not every county may report to the state level, leaving voids. This report should not be the sole source of criminal information. *Turnaround Time: Repository: Varies by state, average 1-3 days*



**Federal Criminal Search** Reports the records of crimes committed against Federal criminal laws. This information is not included on a county or statewide record, (i.e. bank robbery, interstate theft, kidnapping, etc.). This report is especially relevant for screening management and executive candidates for white-collar crimes. *Turnaround Time: 1-3 days*

**Prior Employer Verification** Direct verification of claimed previous employment. Verify dates of service, job title, job duties, performance, attendance, reason for leaving, rehire status and general comments. *Turnaround Time: 1-3 days*

**Education Verification** Direct verification of applicant's educational records including dates attended and degree, certificate or diploma received at the provided educational institution. **High School or GED** *Turnaround Time: 1-3 weeks* **Secondary** *Turnaround Time: 1-3 days*

**Reference Check and Verification** Relevant inquiries of personal or professional references, provided by the applicant, to obtain an assessment of your candidate. *Turnaround Time: 1-3 days*

**ProScan Multi-Jurisdiction Database Search** An extensive report that includes an instant multi-state search of criminal records. This search accesses over 400 databases and 200 million files containing criminal records from participating:

- State Repositories and Archives
- Administrative Office of the Court Records
- Department of Corrections (DOC) Files
- County Court Houses
- Sex-Offender Registries
- Traffic violations and infractions involving warrants

Per the FCRA, when using reports for employment permissible purposes, this search is only used as a locator search to provide locations of possible records and not the actual case information (must be verified). This report should not be the sole source of criminal information. *Turnaround Time: Instant*

**ProScan Plus** Combines multiple, powerful reports into one unique search. An extensive report that includes an instant multi-state search of criminal records. This search accesses over 400 databases and 200 million files containing criminal records from participating:

- State Repositories and Archives
- Administrative Office of the Court Records
- Department of Corrections (DOC) Files
- County Court Houses
- Sex-Offender Registries
- Traffic violations and infractions involving warrants

ProScan Plus uncovers names, addresses and dates of birth as well as known aliases including maiden names as revealed by our SSN Search. All discovered name variations are then automatically searched through our high speed, multi-jurisdictional data repository, including sex offender screening & terrorist list. Per the FCRA, when using reports for employment permissible purposes, this search is only used as a locator search to provide locations of possible records and not the actual case information (must be verified). This report should not be the sole source of criminal information. *Turnaround Time: Instant*

**Social Media Screening** FCRA compliant background screening service that enables employers to navigate the complicated legal landscape of social media with clear, consistent, and insightful results. Using a combination of automated and manual review processes, these reports ignore information that is not legally allowable in the hiring process, such as the "protected class" characteristics defined by federal anti-discrimination law (race, religion, national origin, age, sex, familial status, sexual orientation, disability status, and other qualities that are not allowed to be used as decision points). Therefore, job candidates are protected from discrimination based on these characteristics and, in turn, employers are protected from allegations of discrimination. The Executive report is a detailed report that contains all information that is found online on the candidate. This report accounts for non-user generated content such as media hits in addition to the already included pre-defined employer criteria. With the report employers receive a 360-degree view of their candidate's online profile. *Turnaround Time: 1-3 days*



**E-Verify and Form I-9 Management** Incomplete records and lack of compliance can cost your company hefty fines and penalties. Automated processing reduces your risk. E-Verify is a system created by the government to verify the Social Security Number, Employee Address and supporting documents are for the correct person. The system is designed to notify employers if there is some discrepancy or issue that might cause the employer to hire an illegal immigrant. The Immigration Reform and Control Act (IRCA) require employers to hire only persons who may legally work in the U.S. The employer must verify the identity and employment eligibility of anyone to be hired, which includes completing the Form I-9.

**Motor Vehicle Report (MVR)** Driving record, including offenses and citations, provided by the specified state in which the applicant holds a valid license. The data reported and number of years included will vary slightly by state. Companies should order driving history reports for all employees who drive company or personal vehicles for business. *Turnaround Time: Varies state to state; majority are instant*

**Sentinel™ Security Report** This service helps you meet federal Office of Foreign Assets Control (OFAC) identification requirements and helps impede terrorists by identifying individuals linked to terrorism or classified on government watch lists, improving compliance with the Patriot Act. An extensive report that includes information from the following data sources: Office of Foreign Assets Control (OFAC) of the U.S. Department of the Treasury Specially Designated Nationals (SDN) and Blocked Persons, OFAC Sanctioned Countries including Major Cities and Ports, Non-Cooperative Countries and Territories, Department of State Trade Control (DTC) Debarred Parties, U.S. Bureau of Industry & Security (formerly BXA), Unverified Entities List, Denied Entities List, Denied Persons List, FBI Most Wanted Terrorists and Seeking Information, FBI Top Ten Most Wanted, INTERPOL Most Wanted List, Bank of England Sanctions List, Office of the Superintendent of Financial Institutions Canada (OSFI) - Canadian Sanctions List, United Nations Consolidated Sanctions List, Politically Exposed Persons List, European Union Terrorism List, and World Bank Ineligible Firms. *Turnaround Time: Instant*

**OIG-GSA National Level** Search of the Department of the Health and Human Services Office of Inspector General's (OIG) database for any individual or entity that has committed any type of fraud against Medicare, Medicaid, or any other Federally-funded healthcare program. Also includes General Services Administration (GSA) search by name of firms or individuals that have been suspended, debarred, placed on probation, received letters of reprimand, license terminations or otherwise excluded from Federal Procurement and Non-procurement Programs. Also includes search of disciplinary actions taken by Federal agencies as well as those taken by over 700 licensing and certification agencies in all 50 states. Check histories of individuals and entities for adverse actions and for sanctions and exclusions from Federal healthcare programs. Includes OIG, GSA, Food and Drug Administration (FDA), Drug Enforcement Agency (DEA), TriCare and OFAC, also referred to as the Terrorism Sanction Watch List. Meets the Federal Governments' requirements as outlined in the OIG Compliance Program. *Turnaround Time: 1 day*

**National Sex Offender Registry** The national sex offender registry search is critical for professionals and volunteers who will interact with youth or work in childcare, education, healthcare and human services environments. The search includes sex offender registration records from all 50 states plus the District of Columbia, Guam & Puerto Rico. Please note that the types of crimes that require registration vary by state. Therefore, not all individuals convicted of a sex crime in one state may be included in another state's registry. *Turnaround Time: Average 1-2 days*

**Professional License/Certification Verification** Professional licensing searches research information on individuals who need state licenses or certifications to engage in a professional activity, including medical professionals, attorneys, CPAs and educators. (Licensed professions may vary by state.) Reports may include such information as the name and address of the licensee; the licensing agency; license type, number, and class; license classification (business or personal); status of license; issue and expiration dates; restrictions and any adverse or disciplinary action. *Turnaround Time: 1 day*



**Workers' Compensation Claims** History of Workers' Compensation claims. Each state limits the data they report. This report can only be generated after a "conditional job offer" has been made. *Turnaround Time: Varies by state, 1 day to 4 weeks*

**Pre-Employment Screening Program (PSP)** VeriCORP is an approved Industry Service Provider for the U.S. Department of Transportation Federal Motor Carrier Safety Administration (FMCSA) Pre-Employment Screening Program (PSP). PSP helps motor carriers make more informed hiring decisions by providing electronic access to a driver's crash and inspection history from the FMCSA Motor Carrier Management Information System (MCMIS). PSP records are available for commercial drivers and persons conducting pre-employment screening services for the motor carrier industry. PSP contains the most recent 5 years of crash data and the most recent 3 years of roadside inspection data from the FMCSA MCMIS system for an individual driver. The record displays a snapshot in time, based on the most recent MCMIS data load to the PSP system. *Turnaround Time: Instant*

**Employment Credit Reports** The employment credit report search illustrates patterns in your candidates' financial behavior. Employment credit report information is gathered from a major credit bureau, providing information regarding trade accounts, payment history, collections and public records. *Turnaround Time: 1 day*

## DRUG SCREENING SERVICES

**Drug Screening and Alcohol Testing** VeriCORP partners are the leading providers of diagnostic testing. VeriCorp provides drug testing and alcohol testing. We utilize urine, hair follicle, and saliva for drug testing methods. *Turnaround Time: 5 Panel Test within 15 minutes, electronic results. Lab based test; 24-48 hours.*

## ADDITIONAL SERVICES

**Applicant Tracking System** Integrated with multiple Applicant Tracking Systems. Call for more information.

**Fingerprinting Services** VeriCORP has partnered with 3M Cogent, a world-wide provider of electronic fingerprint services and technology, and proudly introduces the eGAPS service. The eGAPS service provides a quicker, easier way to complete selected State, Federal and Corporate fingerprint based background checks.

**FBI Channeling Service** In response to the growth of federal and state legislation requiring mandatory criminal history searches for select positions, 3M Cogent has been selected by the FBI as an authorized Channeling Agency. 3M Cogent is authorized to provide criminal history searches (i.e. fingerprint-based background checks) for non-criminal applicants using the applicants' own fingerprint records. The capturing of applicant fingerprints is achieved through the use of FBI-certified 3M Cogent LiveScan device. Each captured applicant fingerprint record is transmitted to the FBI as a digitized electronic record, in compliance with the Electronic Fingerprint Transmission Specification (EFTS). Once received by the FBI, applicant fingerprint images are compared against the FBI's known criminal fingerprint database to determine if any criminal history exists.

**The Please tell us...Employee HOTLINE** Having a confidential reporting hotline is becoming a necessity for any organization. Employee relations and regulatory issues require companies to look for better employee reporting methods. When employees encounter sexual harassment, discrimination or other workplace dilemmas, they often feel that they cannot confide in normal internal channels without fear of retaliation. Instead, they frequently turn to outsiders for intervention which can lead to costly lawsuits or government investigations—even negative publicity. The Please tell us...Employee HOTLINE can support and enhance your employee relations program by providing an impartial dispute resolution practitioner to provide independent, confidential and informed assistance.

**Other miscellaneous reports available.**

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