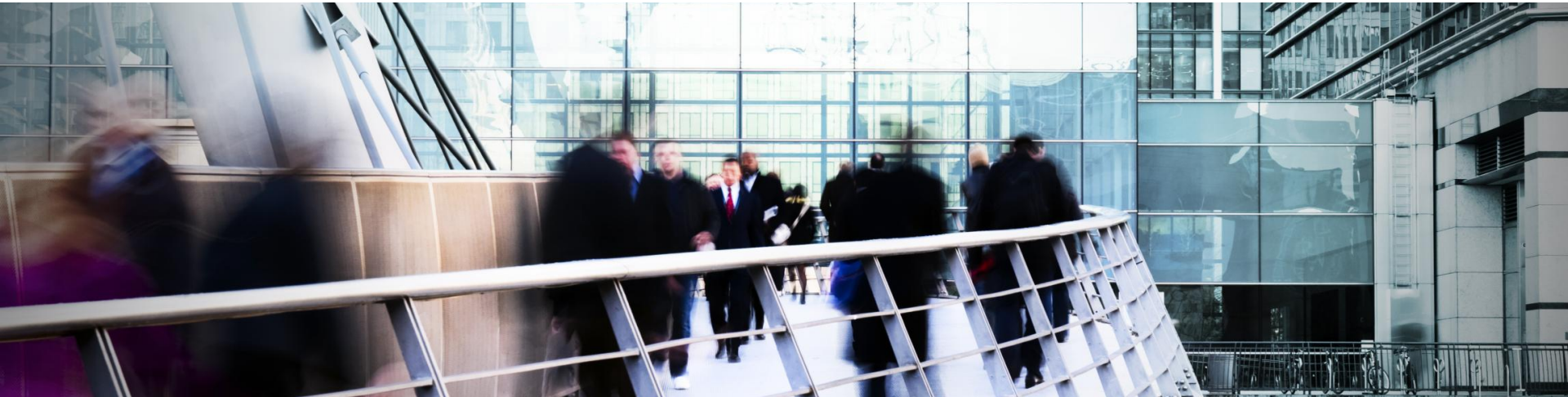


The Risk Advisory Group

Employee Screening

MLRO.com conference



SCREENING

- > Third party verification
- > Employee screening



Employee screening practice



- Over 19 years providing bespoke employee screening service
 - Client base; financial services, legal, technology, construction, engineering
 - London based team
 - Extensive language capability
 - Technology led solution
 - 250+ clients
 - ISO 27001 Information Security Management accredited
-
-

Case studies

Action Fraud: Nearly 1 in 5 small businesses have been defrauded by an employee at some point in their trading history

- Overseas Bank (London office) - Deputy CEO
 - Finance Director lied about having ACCA qualifications - Joined firm in 2001
 - Chairman of two NHS Trusts and Chief Executive of a hospice
 - Wealth management candidate failed to disclose a conviction for Robbery
 - An individual used a virtual office to support a fake employment period
 - Compliance candidate failed to disclose a £40k CCJ
-
-

ISO 37001 - Anti-Bribery Management Systems

- In October 2016 - International Organisation for Standardization (ISO) published ISO 37001 Anti-Bribery Management Systems
 - The standard is intended to help an organisation to implement an effective anti-bribery management system
 - It can be used internationally
 - They promote internationally recognised good practice
 - It is applicable to small, medium and large organisations in the public, private and voluntary sectors.
 - All firms should have a robust employee screening programme, which not only helps prevent fraud and theft, but enables organisations to demonstrate that strong Anti-Bribery controls are in place.
-
-

- Standard directs organizations to conduct due diligence on employees during hiring and promotion processes
 - Organisations accredited to, or working towards accreditation of ISO 37001 should also consider extending its due diligence requirement to supply chains and other counterparties or intermediaries
 - ISO 37001 suggests verification of qualifications and employment history
 - ISO 37001 recommends checking whether individuals have direct links to public officials or evidence of previous involvement in bribery
-
-

- Achieving ISO accreditation takes a lot of effort
 - Maintaining accreditation takes more effort
 - You will be subject to an independent audit at least annually
 - Creating and updating policies
 - Developing and rolling out adequate training
 - Conformance test your controls
 - Employee screening is not my area of responsibility!
-
-

Money Laundering Regulation 2017

- Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 came into force on the 26th June 2017
 - Strengthened risk mitigation policies and controls requirements
 - In particular for employee screening:
 - Section 21 (1) (b) states “carry out screening of relevant employees and agents appointed by the relevant person, before both the appointment is made and at regular intervals during the course of the appointment
 - Section 21 (2)(a)(i) requires you to assess ‘the skills, knowledge and expertise of the individual...’
 - Section 21 (2)(a)(ii) requires you to assess ‘the conduct and integrity of the individual’.
-
-

- What does this mean in reality?
 - You need to appoint a senior person to be responsible for compliance
 - You need to carry out screening on your employees prior to appointment
 - You need to implement an ongoing Fitness and Propriety screening solution
-
-

FCA Regulatory Regime

- In March 2016 the Senior Manager and Certification Regime came into force
 - It impacted nearly 900 significant financial institutions
 - It was designed to create greater accountability across the industry
 - In 2018, the regime will be rolled out to over 47,000 other firms.
-
-

- To underpin the SMCR the regulator also introduced the Regulatory Reference Regime
 - This regime introduced a number of new requirements:
 - Standardise regulatory reference template
 - Turnaround time over up to 6 weeks
 - Reference period to extend to 6 years
 - Any disciplinary matters to be taken into consideration when responding to a reference
-
-

Screening minimum standards

Minimum screening standards

- Identity check
 - Highest education verification
 - Professional qualifications verification
 - Employment references
 - Criminal record check
 - Credit check
 - Watchlist, sanctions and PEP checks
-
-

Q&A



**WASHINGTON DC**

1717 K Street NW
Suite 900
Washington DC 20006
United States

+1 202 349 4040

LONDON

3 More London Riverside
London
SE1 2AQ
United Kingdom

+44 20 7578 0000

DUBAI

PO Box 502952
Dubai Knowledge Park
Dubai
United Arab Emirates

+971 4 375 4013

BEIRUT

Suite 2029, 2nd floor
Louis Vuitton Building
Allenby Street
Beirut Souks
Lebanon

+961 1 957 722

MOSCOW

Suite 11, 4th Floor
7 Glazovskiy Pereulok
Moscow 119002
Russia

+7 495 937 7080

HONG KONG

Level 15
Nexus Building
41 Connaught Road
Central
Hong Kong

+852 3757 9901