

**Te Kāwanatanga o Aotearoa**  
New Zealand Government

# Pre-employment screening

Reducing the risk of employee  
fraud and corruption in public  
sector organisations



**Counter  
Fraud Centre**  
TAUĀRAI HARA TĀWARE

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# Pre-employment screening

**A thorough and robust pre-employment screening process is one of the most effective ways to reduce the risk of employee fraud and corruption in your organisation.**

The pre-employment screening process aims to prevent individuals with a history of fraudulent, corrupt or otherwise dishonest behaviour from being recruited, and to identify indicators of potential insider threat.

The risks of hiring an individual with a history of concerning conduct, who could then gain access to the organisation's sensitive and/or financial information, systems and resources, include:

- ▶ financial losses
- ▶ reputational damage
- ▶ data theft or leakage
- ▶ impersonation and operational disruption.

Robust pre-employment checks allow an organisation to:

- ▶ confirm the identity, eligibility, suitability and capability of the person it is recruiting
- ▶ find out if an applicant has concealed important information or misrepresented themselves.

# Employment application fraud is costly and common

Organisations should weigh the cost of thorough screening against the risk of hiring an employee with a history of concerning conduct. Job applications can contain embellishments or false information, ranging from minor omissions to serious falsehoods.

## A warning sign of future misconduct

A common red flag of fraudulent behaviour is past unethical behaviour. An applicant who falsifies their qualifications or other personal information may engage in further forms of misconduct if hired, such as theft, corruption, fraud or other dishonest behaviours. Dishonest candidates can also lack required essential skills, leading to poor performance, or conceal a history of more generally problematic workplace behaviours, such as bullying and unexplained or excessive absences.

Thorough pre-employment screening is a strong fraud prevention measure. It helps identify red flags early, allowing organisations to either decline employment or seek further clarification before proceeding.

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# How to make the most of pre-employment screening

## Always complete pre-employment checks

Before screening begins, identify the inherent risks of the position to determine the level of screening required (e.g. standard, enhanced or high risk). Identify whether the role has access to:

- ▶ financial systems
- ▶ procurement activities
- ▶ sensitive information
- ▶ decision-making authority.

It is important to identify these access points early, because roles with financial, procurement or information handling responsibilities present a higher opportunity for fraud, corruption, or misuse of authority. Understanding these risks helps ensure the right level of screening is applied from the outset.

Screen all candidates during the hiring process, this includes contractors, fixed- and short-term staff. Repeat checks when an existing employee changes roles, especially if the new role involves financial authority or security access. Pre-employment checks should never be skipped just because of a person's work experience or seniority.

Assign responsibility for employment screening to human resource or people and capability teams and ensure decision-making criteria are clearly documented. In addition to checking references, it may be advisable to carry out a criminal record check with the New Zealand Police and/or Ministry of Justice. The requirement to carry out a criminal check of potential employees should be clearly stated in job advertisements.

A social media check can also be done. Look at publicly available information on social media pages to establish whether there has been any relevant unethical behaviour or concerning conduct.

## Verify qualifications

Misrepresenting qualifications or certifications is a form of dishonest conduct that may indicate a broader intent to deceive.

Do not rely solely on an applicant's declaration of qualifications or certifications on their resume. Verify these with the issuing authority, particularly in roles where these credentials are essential.

Examples of red flags that may indicate qualification fraud include:

- ▶ an applicant delaying providing proof of qualifications and practising licences
- ▶ certificates that appear to have been altered
- ▶ inconsistencies in dates or details.

## Verify identity information

Discrepancies in identity information provided by a candidate may indicate dishonest intent. Any discrepancy should be followed up to ensure that the correct information has been provided, and any suspicion of deception should be satisfactorily investigated.

Always ensure that the information provided for a criminal record check is the exact match to the applicant's information on their identity documents. Previous convictions can sometimes go undetected due to administrative or clerical errors, such as spelling mistakes on the criminal record check. It is not recommended to rely solely on the applicant's résumé information to run a criminal record check.

Examples of discrepancies that could result in not identifying a previous criminal history include:

- ▶ misspelled first name, middle name(s) and/or surname
- ▶ names that do not match identity documents (e.g. legal name changes, fake names or aliases)
- ▶ spelling mistakes
- ▶ incorrect current address
- ▶ incorrect birthdate.

Be mindful of the requirement to forewarn job applicants that they will be subject to a criminal history check as part of the employment process, and the applicability of the Clean Slate Act 2004, which will conceal criminal convictions in certain circumstances.

## Conduct reference checks

Reference checks provide insights into the candidate's skills, performance, behaviours, work ethic, attendance and disciplinary record. They provide an additional opportunity to verify information, such as confirmation of employment, structure of the role and responsibilities, reporting lines and tenure.

Use a combination of methods, such as an audio or video call, email correspondence and open source (e.g. LinkedIn or trusted organisational websites) to help verify the identity and legitimacy of both the candidate and the referee.

Be cautious of candidates who only provide written references or referees who are not able to be contacted for a live conversation. Consider treating written references as supplementary only, conducting verbal reference checks to probe for accuracy, or to clarify and authenticate available information.

## Increase the effectiveness of reference checks

- ▶ Obtain references from more than one referee. Require at least one referee to be the current or most recent direct report manager. It may be possible to identify someone impersonating a referee when referee information is obtained from several sources.
- ▶ Double-check the referee's name, job title and contact information against sources such as LinkedIn or the organisation's website. This can ensure that the referee is the person they are claiming to be (e.g. they should be able to verify the information about them online).
- ▶ Consider only accepting references sent from business email addresses. Written references from personal or free email accounts such as Gmail or Hotmail, rather than business email addresses, can be a warning sign that the referee is not who they claim to be.
- ▶ Compare written references against each other to identify where there might be similar sentence structures or grammatical errors. Similarities in writing styles may indicate that the same person is the author of multiple references.

## Key focus areas for reference checks

- ▶ Position and key responsibilities
- ▶ Integrity and ethical conduct
- ▶ Handling of confidential information
- ▶ Financial responsibility
- ▶ Any concerns regarding misconduct or being subject to serious misconduct investigations upheld or ongoing
- ▶ Patterns of behaviour (e.g. conflicts, accountability issues)

## Follow up warning signs

Pre-employment screening only works if red flags are acted upon. For example, previous criminal convictions or inconsistencies in employment history should trigger further checks.

Organisations should establish clear screening policies and define what will be considered as a red flag. If there is concern about a potential employee, apply a tiered risk approach. This may include:

- ▶ **low-risk indicators** (e.g. minor discrepancies) may warrant clarification with the candidate
- ▶ **medium-risk indicators** (e.g. unverifiable employment history) may require deeper investigation
- ▶ **high-risk indicators** (e.g. undisclosed criminal convictions relevant to the role) may justify rejection or escalation.

It is recommended that the organisation seeks clarification before making any decisions. This may involve contacting the applicant to discuss concerns or inconsistencies and giving them an opportunity to explain or provide supporting documentation.

It may be necessary to make a decision based on risk and role sensitivity. Consider the nature of the red flag in relation to the role. Make sure consistent decision-making criteria are applied to avoid any bias, and keep a record of findings, decisions and rationale to ensure transparency. Remember to abide by any other legal requirements that may apply to the recruitment process.

## A real issue with real consequences

A former public sector employee used forged references to gain employment, then worked with her husband to fraudulently obtain \$2 million from a New Zealand government agency.

A manager responsible for allocating contracts failed to declare a conflict of interest to assign work to her husband's company.

[Read the case study ▶](#)

## Further guidance

The information above is intended to help organisations identify potential fraud risks that can occur from not carrying out a robust pre-employment screening process. For detailed guidance on carrying out pre-employment checks please see the following resources.

- ▶ [Employment New Zealand website - see the pre-employment tests and checks organisations can require job applicants to pass before they start their new role](#)
- ▶ [Protective Security Requirements website - find out more about what organisations must do to ensure that access to information and assets is only given to suitable people](#)
- ▶ [Public Service Commission website - the Workforce Assurance Model Standards Support pack provides resources to help agencies carry out enhanced reference checking when recruiting staff](#)
- ▶ The Ministry of Justice [Clean Slate Scheme](#) and [Clean Slate Act 2004](#) describe the circumstances under which convictions are automatically concealed, i.e. when a person is said to have no criminal record
- ▶ [Australian Policy Online website - strengthening employment screening practices in the NSW public sector](#)

## More information

- ▶ [Association of Certified Fraud Examiners website - see which employees or departments present the greatest fraud risk to your organisation in the Occupational Fraud 2024: A report to the nations](#)
- ▶ [Learn how employees, contractors, vendors or business partners can harm an organisation from within](#)
- ▶ [Read case studies about other New Zealand organisations that have been defrauded](#)

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## Build capability and culture

The Serious Fraud Office Te Tari Hara Tāware is New Zealand's lead law enforcement agency for investigating and prosecuting serious or complex fraud, including bribery and corruption. It works to strengthen the public sector's resilience to fraud and corruption through its Counter Fraud Centre Tauārai Hara Tāware.

The Counter Fraud Centre offers a range of resources, webinars, workshops and services free to public sector organisations to help build their counter fraud capability and create an effective counter fraud culture. Find out more at [sfo.govt.nz/counter-fraud](https://sfo.govt.nz/counter-fraud).



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