

**Dear HR Knowledge, my employee personnel files are a mess and I don't know what I can toss and what to keep.**

Accurate recordkeeping and proper maintenance of personnel files is essential. Employers collect substantial volumes of documents relating to each employee throughout their life cycle from application through exit interview. Here are five tips for organizing and storing personnel records for compliance and security.

1. **Be consistent** – Maintain a file for each employee beginning on date of hire and keep the same job-related documents on file for each employee.
2. **Limit access** – Confidentiality of employee information is paramount. Limit access to a single individual or department with a “need to know,” such as HR. Keep physical files in a locked, fireproof filing cabinet.
3. **Keep two separate files**
  - **Administrative File:** Examples include employment records such as a clean copy of a resume, employment application, offer letter, employment agreement, payroll records, performance appraisals, training/development records, separation documents, and emergency contact information.
  - **Confidential File:** Examples include benefit forms (e.g., health insurance application), medical-related forms (e.g., STD/LTD/FMLA forms), security clearance/investigation records (e.g., pre-employment screening reports), wage garnishments, and workers’ compensation claims.
4. **File Form I-9s separately** – To protect against discrimination claims, we suggest keeping I-9s and supporting documentation in a separate file, or moving to a [cloud-based I-9 system](#).
5. **Be aware of both Federal and State record retention guidelines** – Most business records need to be kept for six years (if tax-related) or 10 years (if related to hiring, firing, or other employment actions). However, record retention rules can differ for each state and industry.

### **Electronic recordkeeping systems**

There is a lot to think about before going “paperless” as certain safeguards must be in place. In general, electronic systems must be securely backed up, reliable, and have history log showing all activity for that document (who accessed, when, what was changed, etc.). Quick retrieval is equally important, which means that files should be easily accessible for hard-copy reproduction in cases where an employee needs a paper copy of something or if the company becomes involved in a court case where documents need to be produced.

Even with electronic or cloud-based systems, confidential files should still be maintained separately. You should carefully determine how the electronic filing system should be



designed; consider creating one database for the administrative file contents and one for the confidential file contents, and ensure that access is securely maintained and there are different clearances for accessing this data.

No matter what format you use to organize personnel files, their maintenance, security, and retention must adhere to specific guidelines. To ensure compliance, we recommend that you audit your files periodically. During this review, consider whether the documents in the file are accurate, up to date, and complete.

Not sure where to start or have more questions on how to organize your files? We are here to help, so please [reach out](#) if interested in learning more about our personnel file audit services.

### About HR Knowledge

Founded in 2001, HR Knowledge, Inc. is a privately funded company providing integrated outsourced HR services tailored to our clients' needs. Our full array of offerings includes managed payroll, employee benefits administration, and HR consulting and support services, such as training, compliance, custom-built software solutions, and Hiring Process Management™, our comprehensive recruitment service that takes you from finding to onboarding new talent. Our major markets are fast-growing small- and medium-sized businesses, many of which are venture-capital-backed; foreign companies expanding into the states; and charter schools. Partnering with HR Knowledge can reduce your administrative costs, minimize your legal risk, help you find and develop talent, and alleviate the HR burden so that you can focus on your core business.

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