

HR DOCUMENTS AND DOCUMENTATION BEST PRACTICES

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As our society becomes more litigation oriented, employee documentation is critical for the protection of all employers. It is better to err on the side of caution by keeping notes and documentation rather than having continuous verbal discussions that may be difficult or impossible to prove. However, even these notes must be properly maintained and contain factual statements regarding the situation.

HR creates a great deal of paper. Even in this “green” society, an electronic document that has been saved can be used to help support an employment decision. At the same time, documents that are retained can be used against the organization to demonstrate practices that will be not in the best interest of the organization.

A national survey conducted by HRhero.com indicates that one-out-of-three employers rate their organizations documentation as "Not Very Good." Employers tend to get themselves into trouble by not having the proper documentation to support their employment decisions. In this article we outline a number of HR documents, their purpose, and good documentation and retention practices.

Initial Employment Documents

Application– This is a critical first written document for candidates. An effective application will gather basic information and help ensure that all applicants have the opportunity to apply on equal ground. A well written application will include legal disclaimers and eliminate any discriminatory information that may be available on a resume Such as dates of college attendance, participation in religious organizations etc. The application should be retained in the employee file.

Job Description – A well written job description helps to document the essential functions of the position. This is critical when a candidate is eliminated from the pool due to inability to perform the job, during workers compensation claims, promotion decisions, FMLA decisions etc. Job Descriptions are generally retained in one location and referred to by employees and managers as necessary.

Tax Forms – All employees must complete the Federal W4 and State tax forms as required by your state upon hire. They need not be updated unless an employee requests a change in the tax withholding. Employees at lower income levels should also be offered a W5, which allows them to claim their Earned Income Credit throughout the year.

Offer Letters– An offer letter should be written in a way that is very specific to the offer and does not make any promise for the future. A HR professional or employment attorney is generally consulted to review the offer letter template prior to use.

I9 Forms – Each employee should fill out an I9 form for employment eligibility verification. The organization completes section two recording the documentation shown, but there is no legal requirement to retain copies of the documents. All I9’s must be kept in one master binder to avoid the potential appearance of discrimination if they are left in employee files.

Ongoing Employment Documents

When creating an employee file system, it is extremely important to maintain separate Personnel, Medical and Confidential files. You need not set up all three files for every employee until you have the information that would be retained in these files, but the HR administration should understand the purpose of the files and create them as needed. Maintaining this distinction will ensure that protected information is not given to managers or other employees that should not be allowed access.

Contents of Personnel Files – This will typically contain the documents above plus performance related documents (performance appraisals, verbal & written reprimands, goals etc), payroll changes, compensation and benefit enrollment information. If your group is required to complete a medical questionnaire as part of the application process for benefits, those applications should be separated into another file. There is no need to keep every change of address or new telephone number that an employee may send to HR or Payroll.

Medical Files – Any medical related information as well as insurance forms that contain medical questions. If your benefit application contains medical questions such as might be the case with a small group or with supplemental life insurance policies, you can retain one large file for all applications in alphabetical order, it is not necessary to file each one individually.

Confidential Files – These will be created on an as needed basis for information related to workers compensation, harassment etc. Generally these are segregated in a separate area and not kept with the general employee files.

Payroll Files – Each pay period a file should be created with changes and documentation from that pay period. Much of the information used in payroll such as timesheets, vacation requests etc. need not be put in each employee's individual file. Retaining them by pay period provides the needed back up and saves the time needed for individual filing. Specific changes to an employee such as a salary change or tax request change should be filed in the individual's file.

Employment Separation Documents

Pre-separation Checklist – This is a list of items a manager is to consider or review prior to making a termination decision. Generally this provides guidelines for approval required, severance agreements etc.

Separation Agreement – Any time severance is being offered, the employee should be required to sign a separation agreement to reduce the potential for future litigation.

Exit Checklist – The day of termination is difficult for the manager, HR and of course the employee. Many items should be ready for the employee. Your exit checklist will help to organize the pieces and assist the manager to remember all talking points at the meeting, as well as documentation that should be ready such as unemployment and the final check.

Exit interview – Many organizations find feedback from exiting employees provides insight to be used in the future. This should be collected by a neutral third party such as HR or an office administrator. The exit interview data should be retained and presented to management on a quarterly basis to get an overview of opinions and insights.

Documentation is a simple yet powerful tool for taking control of your employment relationships. As an employer, there is no such thing as too much documentation. Take the time to train on documentation skills, and then enforce the practice.

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