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The Complete Guide to Digital Personnel Records
For HR Leaders

A proven approach to prioritizing processes for automaton and choosing the right technology to power transformation

Introduction

Personnel records are the standard way of documenting an employee's relationship with a company or organization. In some instances, these records contain fairly general information, whereas other times, they may include private or confidential details. Regardless of the file type, personnel records need to be regularly updated to ensure operational efficiency and success.

Keeping personnel records up to date is crucial for maintaining a well-organized HR department, and digitizing these files makes the process easier and more streamlined for every team. With digitization, gone are the days of digging through clunky filing cabinets, and instead, all your personnel files are conveniently uploaded and readily accessible via the cloud.

What are personnel records?

Personnel records (or personnel files) pertain to the employees at an organization, and consist of comprehensive, accumulated information. Personnel records are typically maintained by an agency's HR department, and include relevant insights regarding an employee's application, job description, job performance, compensation, and more.

6 different types of personnel records

While there are a variety of personnel records an organization may use, all of these documents fit into one of six categories. Of these categories, the most commonly referenced tend to be hiring documents and reports on job performance.

1 General information
This grouping encompasses personal information like the employee's full name, birth date, social security number, phone number, address, and potentially their emergency contact numbers, as well.

2 Employee agreements
At times, aspects of the employer-employee relationship are governed by official documents such as union contracts, non-compete agreements, and confidentiality or non-disclosure agreements.

3 Hiring documents
Most employers hang on to documents used in the hiring process, such as employment applications, job descriptions, and resumes or cover letters.
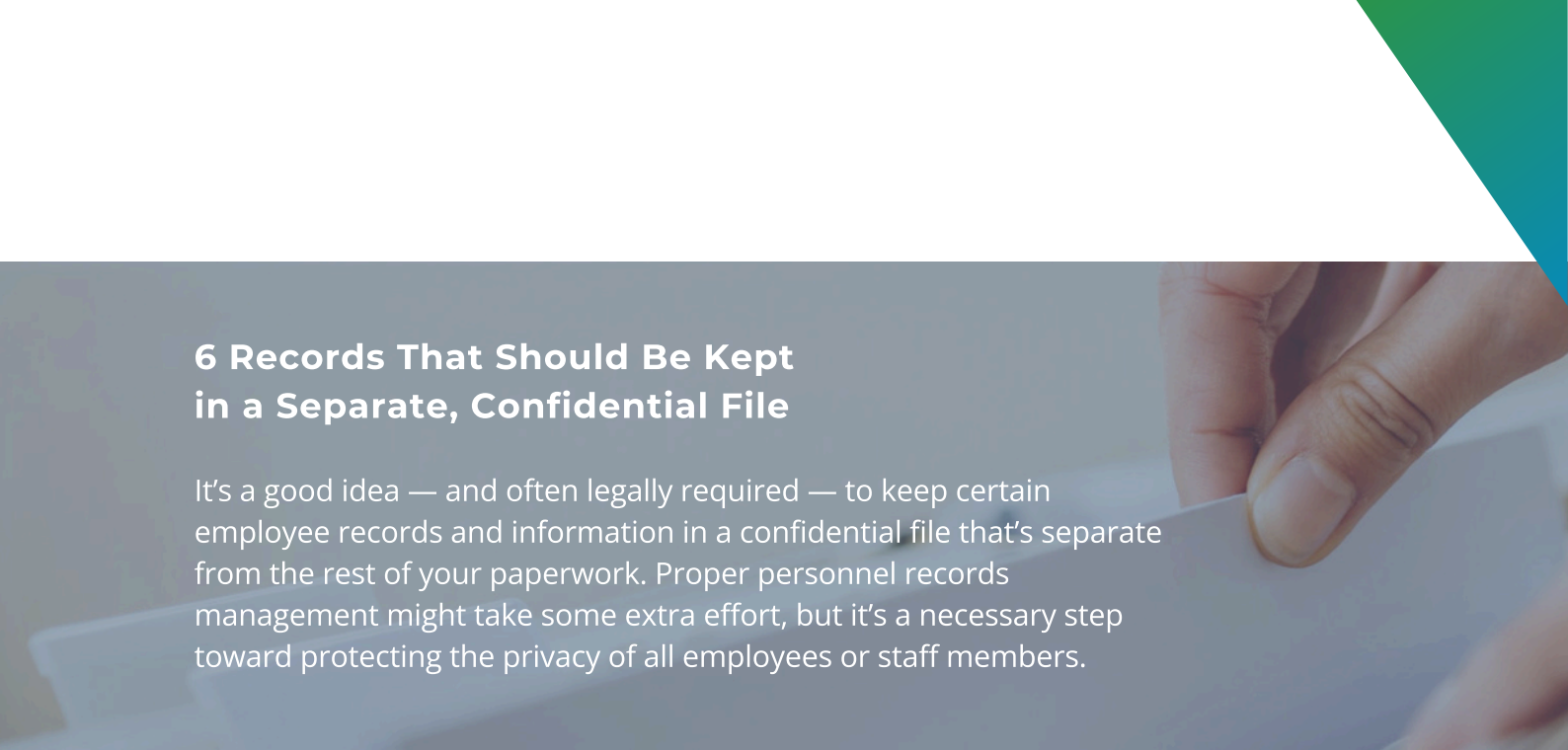
4 Job performance
This section is rather broad, but can include performance evaluations, corrective actions, disciplinary letters, awards, nominations, education, credentials, training records, or promotions within the agency.

5 Post-employment information
In the same way employers retain hiring documents, many file post-employment information, too. These documents are things like a resignation or termination letter, final performance appraisal, and final paycheck.

6 Compensation
Records related to compensation (and benefits information) include W-4s, beneficiary forms, payroll records, and time cards for previous years.

6 Records That Should Be Kept in a Separate, Confidential File

It's a good idea — and often legally required — to keep certain employee records and information in a confidential file that's separate from the rest of your paperwork. Proper personnel records management might take some extra effort, but it's a necessary step toward protecting the privacy of all employees or staff members.

Background check results
Background check results span from past employment verification, to credit history, to the criminal history of an applicant. Conducting background checks is done to ensure the safety and security of every employee.

Litigation documents
Litigation is a process for handling disputes within the court system. Documents involved with a litigation (i.e. the contested action itself or the final decision by the judge) should always be stored in a confidential file.

Form I-9s
Form I-9s are used to verify the identity and employment authorization of individuals hired for work in the United States. Because these forms possess highly-sensitive, personally identifiable information, they mandate careful protection.

Medical Records
Any employment-related documents that contain medical information must be saved independent from other personnel files, so nothing is inadvertently revealed or shared with another employee.

Federal and state leave documents
Most federal and state workers receive paid leave each year for situations like the birth, adoption, or foster placement of a new child; caring for a spouse, child, or parent; military caregiving and leave purposes; and personal health reasons, all of which is completely confidential.

Employee investigation
Documents referring to the disciplinary action of an employee, or an HR investigation concerning an employee claim, need to be safeguarded in a confidential file that cannot be accessed by other staff members in the office.

Personnel Record FAQs

Who has the right to see your personnel records?

In most circumstances, employee personnel files should be treated as private records that belong to the organization and the corresponding employee. With that in mind, it can be helpful to set up a policy that acknowledges who has the right to view personnel records, like the employee's supervisor or manager (in addition to the employee themselves).

Why is it important to keep personnel records?

It's important to keep personnel records because these documents provide a written history of everything that's happened over the duration of employment. For that reason, personnel records are needed to support actions like promotions, pay raises, and even disciplinary action.

What are the main documents that should be in a personnel file?

Personnel records should be kept for each employee from the official date of hire. The main documents to file include general information (name, address, phone number); hiring forms (application, resume, job description); official employee agreements (union contracts, non-compete agreements); compensation or salary data; performance evaluations; and post-employment information (termination letter, final review).

Why It's Important to Keep Personnel Records Up to Date

It makes it easier to file taxes

Revising your personnel records is essential to the success of your organization, especially when you consider how these records come into play for filing state and federal employee taxes. If you relax on updating these documents, you'll likely have more of a challenge completing the mandatory tax forms and preparing quarterly details for your payroll. But with accurate and ongoing record keeping, you'll have a much easier time filing non-taxable wages, employee benefits, vacation time, sick leave, and so on.

It complies with the law

In addition to updating personnel records being a good business practice, it's possible you'll need to keep up with certain records in order to comply with provisions under both state and federal law. While state laws obviously vary depending on where you work, you'll want to make sure you're abiding by the applicable laws wherever your offices are located. These laws may dictate what information has to be collected, what your organization may or may not do with said information, and how long employee records should be stored.

It helps with salary revisions

A salary revision differs from a salary hike, in that a revision adjusts the entire salary structure (including all the primary components). Since a revision is more involved than a traditional raise, it makes it that much more important to have the correct information to help facilitate this change. Without precise personnel records to serve as a guide, any number of issues can crop up when trying to initiate this modification. However, with up-to-date records, salary revisions can happen seamlessly, thanks to the current data and percentages provided.

It assists in a legal dispute

If your organization finds itself in the middle of a legal dispute, you'll be glad to have a stack of personnel files to support your case. Maintaining personnel records allows you to preserve a written history around a designated event (or events), and in legal proceedings, this type of documentation can be critical to the final outcome. Well-managed files are the best way to cite employee promotions, pay raises, disciplinary actions, or even termination, and this sort of physical evidence can go a long way in guaranteeing a fair and balanced decision.

It determines promotions or terminations

Another reason it's recommended to keep personnel files up to date is because they aid in determining promotions — and sometimes they reveal grounds for termination, as well. If your organization doesn't amend and improve its records, it can be incredibly difficult to monitor employee performance and productivity levels. But when you make it a point to document lateness, absenteeism, and personal performance, you can better track where employees are thriving or falling short, and then take action as needed based on this information.

Digitizing Your Personnel Records

Updating your personnel records is a necessary part of any well-run HR department, and yet, handling all of that paperwork can feel like a daunting task. By utilizing digital records, you'll no longer have to deal with cumbersome filing cabinets, and instead have your important documents conveniently uploaded and accessible via the cloud — which many agree is the safest, most efficient way to manage documents and processes.

When you partner with Docufree, your agency can move beyond the seemingly endless stacks of paper records and dive into the modern, digital landscape. Docufree's digital imaging services, cloud content management, and digital process automation is designed to simplify the complexities of records management and supports your organization in achieving measurable value and sustainable results at the speed of digital.

Not to mention, going digital makes managing personnel files easier and more secure. Keeping certain personnel records confidential is simplified with different permissions for different user levels, and finding needed documents is done efficiently with intelligent search options. Digitized personnel records also make staying compliant with complicated retention schedules a painless practice, since systems like Docufree's Axiom Pro manage these schedules automatically.

Five Steps to Setting Up Electronic Records Management to Ensure Success in HR

Electronic records management can benefit your HR department in a myriad of ways, but in order for the system to perform at peak capacity, a strategy is needed to ensure every record is appropriately stored and maintained. By following a simple, five-step process for transitioning from paper-based files to electronic records management, your organization will enjoy a much more effective and efficient workplace environment.

1 Identify Problems

The first step in establishing electronic records management is to identify the issues guiding you in that direction. Before you implement an ERM system, it's important to have full visibility into your organization's problems, pain points, and inefficiencies. Ideally, the solutions you adopt should be tailored to your agency's unique needs, so understanding where your current systems and processes are failing is pivotal. Some common concerns for HR departments include:

Non-compliance with personnel record privacy regulations: As soon as your employee count reaches fifteen, federal guidelines dictate which documents you must retain and for how long. Human resources departments face critical compliance risks associated with the right to share personnel documents, incomplete documents, and more.

Inefficiency: Inadequate personnel records management has a ripple effect that can impact other aspects of your agency, like payroll and employee benefits. If it takes a long time to track down a particular document because it's paper-based or stored incorrectly, this can cause stagnation across the entire organization and serve as a hindrance to productivity.

Storage: Poor management of personnel files can also lead to systemic issues related to record storage. For example, excessive time is wasted while sorting and storing paperwork, not to mention the physical space these papers continually occupy within your office.

Remote access: With so many teams working from home these days, the ability to access documents remotely is essential. But with this remote arrangement in mind, special attention needs to be given to compliance and security. More specifically, your records management system needs to be diligent about its roles and permissions.

Preparedness: Piles of paperwork have a tendency to grow faster than the documents can be filed, which means you're likely to feel less prepared to reference these records as needed. Additionally, records filed by hand have a higher chance of error, and often require a significant amount of time to retrieve from their designated storage cabinet.

2 Set Goals

Once you've diagnosed your current problems, it's time to set goals for alleviating them. Practical, attainable goals will keep you and your team on track when adopting new technology or revising existing policies. Because records management directly and indirectly affects the entire agency, changes without objectives can expose you to unnecessary (avoidable) risk.

Although your goals can be built around high-level objectives, they should always incorporate measurable metrics, as well. Goals will vary depending on your agency, but they may look something like: gaining compliance, reducing non-productive time by 20%, reducing storage costs by half, allowing for remote collaboration, or ensuring documents are properly disposed of.

3 Inventory Documents

The next phase in launching ERM is categorizing your records and taking inventory of which records exist in what category. In doing so, you'll have insight into the volume of records you need to digitize and how they need to be organized. Keep in mind, compiling an inventory is not simply producing a list of documents or folders — it involves forming a scalable system that can correctly categorize documents according to regulatory laws.

When conducting an inventory, you will locate, describe, count, and measure all the records (both digital and paper-based) kept in your office or off-site storage areas. A records officer can work alongside the department heads to schedule inventorying for each division of your organization. On top of that, the records officer should also train the other members of the inventory team as needed, and make time to address both record and non-record material.

Remember, when carefully implemented, a cloud-based management system will help expedite these training methods, cut down on costs, and maximize file security and compliance.

4 Define Processes

The fourth step toward electronic records management has to do with defining your processes. In other words, what processes exist around your records at present? For instance, are signatures required on all documents, or only on specified paperwork? Do you have an approved approach for record creation and disposal, or do these actions tend to vary from year-to-year/person-to-person? No matter your inventory, these processes should be well-defined and easily repeatable to help secure the most reliable results.

Moving from paper-based to digital records can be somewhat time-consuming at the start, but once completed (and with the right digital platform in place), you'll be able to generate and locate a specific record within just a few clicks.

5 Thoughtful Training

As your inventory and processes are being digitized, your workforce will need to know how to adapt to this change, too. You're wise to begin with the 'why' behind this switch, and by making sure the team understands the inherent benefits of digitization for everyone at your agency. Inform the group that learning how to appropriately organize, store, and manage records is paramount to the health, efficiency, and productivity of your agency.

Build a system for training that operates at a high level, and explains records management as a set of company-wide principles rather than basic guidelines for documentation. Training should be digestible, use real-world examples, and include deadlines that hold employees accountable. Lastly, be sure your team is fully engaged in the training by offering incentives or positive reinforcements for using these new tools and systems.

Bonus

While this isn't technically a step in setting up electronic personnel records, it's still pretty important to note. Each and every agency needs a way to safely dispose of paper records so none of their confidential information is unintentionally compromised or exposed. Companies like Docufree can help with this as part of services offered and in conjunction with document management software, making Docufree a one-stop-shop for all your digitization needs.

Conclusion

Digitizing your personnel records is the most efficient way to manage all of your HR documents and processes, and the best way to guarantee compliance and scalability. With that said, you'll need a methodical approach when creating a secure environment for your records, since the transformation from paper-based to digital systems is considerably more involved than scanning a few loose papers. Thankfully, Docufree can help your agency upload its most important files to the cloud with ease, so you can say goodbye to all those stacks of paperwork for good.

When working with Docufree, you'll have access to digital imaging services, cloud content management, and digital process automation to simplify the complexities of records management and ensure your agency achieves sustainable results at the speed of digital. What's more, digitized records make staying compliant with retention schedules completely painless, since Docufree's Axiom Pro system manages these schedules automatically.
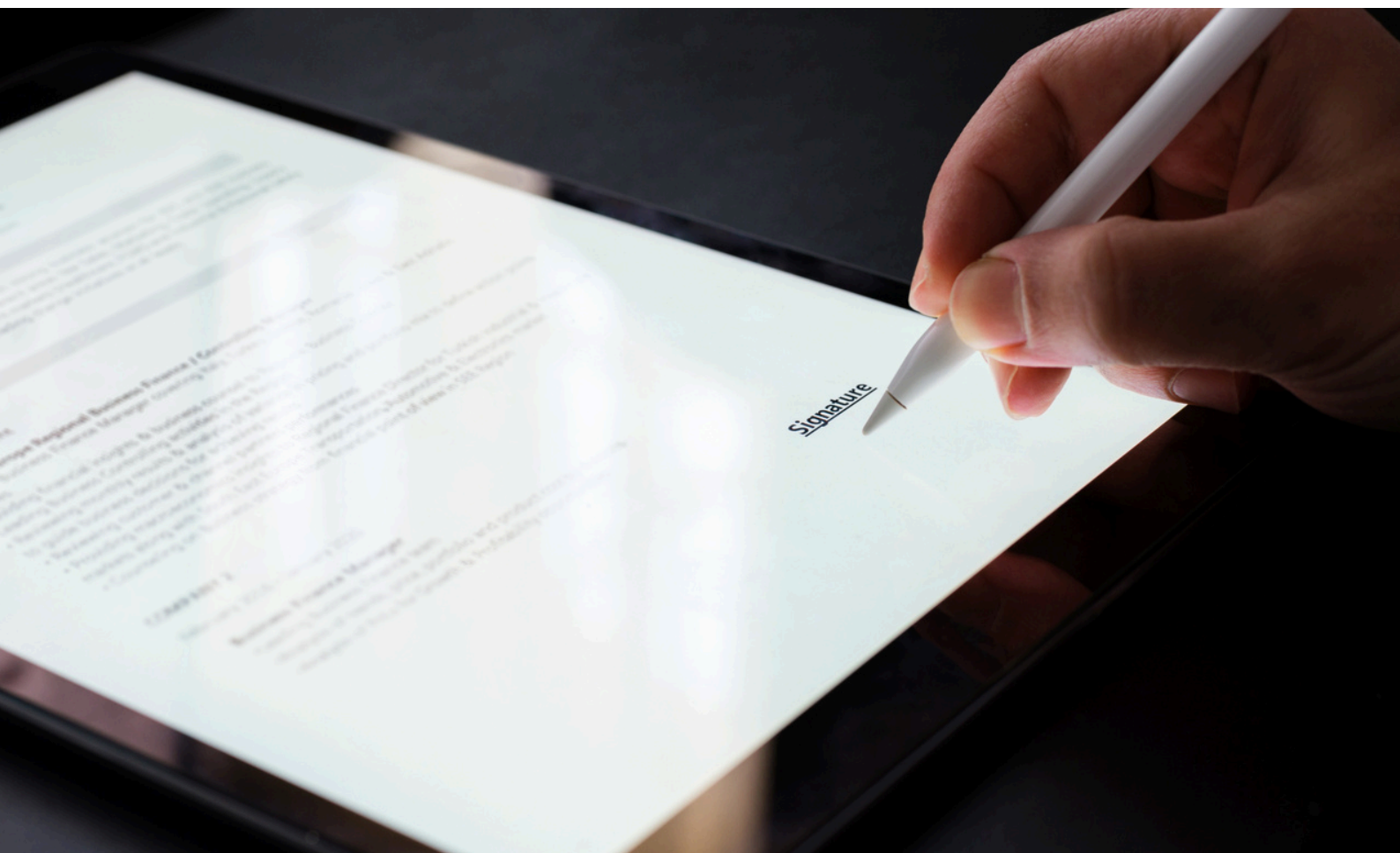
About Docufree

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