

Personnel files are one of the largest areas of risk for any company. HIPAA requires that employee files be safeguarded due to the nature of the sensitive information contained therein and the government regulates the method of storage for items related to employees. Fines can be upwards of \$16,500 for a willful violation on an I-9 form. The fines for misfiling information are endless if related to a discrimination claim or HIPAA violation.

## General Guidelines:

It is a standard practice to have several files for each employee. A medical file should house anything related to their health: pre-employment physical and drug test, health insurance enrollment, doctor's notes, et al. Payroll garnishment files should be used to keep information related to an employee's wage garnishment/deduction order or child support order. Medical and garnishment information should always be kept separate from the employee's main personnel file. Perhaps the most important, and costly when it comes to non-compliance, is the separation of the I-9 form from the personnel file. Most commonly, these forms are kept in their own file. So, the employer would have a file for all employee I-9 forms, usually sorted alphabetically. Some prefer a color coding method for personnel files: Green for garnishments, Blue for Medical, Red for terminated employees, et cetera.

### Medical File

Employee Medical files should contain anything medically related to the employee. This includes all pre-employment physical and essential function tests, drug tests, vision exams required for employment, etc. In addition, this file should house all healthcare information. So, if you're an employer that offers healthcare insurance, the enrollment forms and any insurance issue documentation should be kept in this file. In addition, most employers keep doctor's notes verifying absences in these files.

### Garnishment File

The Garnishment file for employees should house all records related to wage garnishments. These records include wage deduction inquiries, orders, and stop-orders in addition to child support orders.

### Personnel Files

Personnel files can contain everything else that is employment related; wage and raise information, offer letters, performance reviews, disciplinary documents, tax forms, emergency contact information, et cetera.

### I-9 File

I-9 files are best kept alphabetically with all employees in the same I-9 file. I-9 are required to be kept on file for 3 years or 1 year post separation, whichever is longer.

**Also see I-9 Form and File Compliance**