**Paperless Human Resources Systems**

“No more paper”: That is the goal of many HR departments. The goal is a good one in many respects. Paper is cumbersome, takes up space, is easily misplaced and requires “double entry” to get information in the appropriate system. However, there are many considerations to think through and the path is different for every employer. Here is a to-do list to get you started on your journey:

1. **Examine your motives**
   * **Are you overly focused on the online concept?** Your goal should not be to get ***everything*** online. Instead, start out with a goal of “getting everything online that ***makes sense*** to get online”.
   * **Are you overly eager?** You do not need to be 100% online overnight. Consider a two-year plan, or a one-year plan if you have extra help and not too many employees.
   * **Are you educated?** It is hard to pull back when you oversell the idea up front. Fully understand the concerns and obstacles before you begin promoting the idea of a paper-free office.
   * **Are you worried about pushing back?** Executives may have boundless enthusiasm for the high-tech world, but limited understanding of technology. You do not have to execute a plan just because senior staff are excited about getting into the 21st century (or maybe you do, but you still can push back by putting together a plan which includes research at the beginning of the planning process).

1. **Examine your beliefs and challenge them**

* **Is a “one-system” HRIS the best?** This article describes the pluses and minuses: <https://www.hrmsworld.com/multiple-hr-tools.html> since the answer varies. Large systems are not good at everything and often do not allow for a lot of customization in certain areas. They are also often more expensive, for what could be a worse product for your particular needs. While it seems to make sense to have all of your systems share data, often the larger systems are truly stitched together from multiple purchased systems and “talk” but not as well as they should. For small HR Departments with limited needs, one system may work well since expectations may be low. And if the company is not set to grow quickly, the system may be a great long-term fit. For very large companies with an HRIS team, customizations/tweaks and investigations into issue for larger systems may be manageable. For mid-sized or complex companies, they may just not work as well.
* **Must everything be done all at once?**  It is impossible to thoroughly vet a system when you are trying to look at multiple systems and processes at once. Vetting a system is a painful process. You should be permitted to sandbox on not only the front-end, but the back end. Make sure your vendor is willing to sit down with you to do this. Choosing a larger system or multiple systems without enough educated end users can lead to poor selection.
* **Is some paper OK?** Large or spread-out organizations may benefit from getting certain processes fully online – for example, performance appraisals and annual increases. If your needs are simple, you may not need the additional expense of a performance appraisal or annual increase system that forces you to adjust your preferred way of operating. Even scanning paper into an online folder takes time and effort. Some things to consider:
  + How often will we need this information?
  + How easy is it to access now?
  + How time consuming or potentially error-ridden would a scan and upload process be?
  + Could we scan or go online only for future data, and continue to use paper for past data?
  + Do we have the staff to support and accurate upload process?
* **Have you planned for the future?** If you are changing from one system to another in the future, will you be comfortable with the possibility that some of the data may be “too much” to move into the new system? How will you manage the old data? Does the HRIS system you work with promise that you can access the data ongoing in some way, shape or form?
* **Do you need a system or a process?** A simple scan and file to a server folder (or to an online server) might be a great option for some areas. For example, if you already use an outside vendor’s system to handle background checks, ask yourself the question of whether using the system’s save feature or immediately saving to a file on the server might be easier than printing for the employee file.

1. **Remember some key concepts for online (and offline) employee file maintenance and permissions:**

* **You should be able to EASILY search and find what you need:** If scanning documents, create a format for naming which fully describes the document in the same way every time. For example: Doe John Application 12-02-2020.
* **Not everything can or should go into a “main” employee file.** Certain things must be kept separate for legal reasons; others should be kept separate to prevent “audit creep” or to make internal audits easier. Still other items benefit from being accessible for easy purging.

File separation is an easy concept with offline/paper files: You simply put private items in a separate locked file cabinet. Remember, your files still must be kept separate AND confidential online. In addition, the files should be both preservable and accessible for easy purging. For that reasons you will need to:

* 1. Work with your IT department to set up folder permissions that related to each area if you are using your own or online servers.
  2. Work with your HRIS or application provider to ensure that permissions and roles are set up well in the system,.
  3. Make sure that permissions are maintained/changed as needed. You will need procedures in place to do this.
  4. You still need to be able to purge certain items and you will need to set up a purge procedure as well.
  5. In some cases, information may need to be retained due to a legal case. In this way, you need some way to “tag” the information to prevent its destruction.
  6. Review Catapult’s record retention guidelines to prevent accidentally deleting information that should be kept.
  7. Talk to your IT Department – is there online back up or is there a nightly back-up with an offsite file save? In a crisis, if the building burns down, can you still get your data?

Here is an idea of what types of access protections you will need to put on your employee information, whether online or in an HRIS:

**Pre-Employment Information such as drug tests, background checks, EEOC pre-employment disclosures):**

* Generally, a manager cannot see this information, but recruiters and HR managers can - on the other hand, a benefits specialist should not have access.

**I-9/E-verify:**

* This information should only be seen by HR.
* The I-9’s and E-verify information generally should be kept entirely separate from any other file in order to make them easily accessible for internal audits and purge processes.
* Make sure your system includes an easy to maintain purge procedure since an outside audit on I-9s will include ANY I-9’s in the file. Purging on time prevents fines for incorrect completion.
* Electronic I-9s are fine as long as your I-9 system provider has:
  + reasonable controls to ensure the integrity, accuracy, and reliability of the electronic storage system;
  + reasonable controls designed to prevent and detect the unauthorized or accidental creation of, addition to, alteration of, deletion of, or deterioration of an electronic Form I-9, including the electronic signature, if it’s used;
  + an inspection and quality assurance program that regularly evaluates the electronic generation or storage system and includes periodic checks of electronically stored I-9s, including the electronic signature, if it’s used;
  + a retrieval system that includes an indexing system that permits searches by any data element; and
  + the ability to reproduce legible paper copies.

**Benefits/401(k):**

* Benefits information can contain protected medical information – it should be accessible by the HR Manager and the Benefits Administrator only (other than by the employee, if there is employee access online).
* ERISA law requires this information to be well-maintained and easily accessible, to demonstrate that you are a responsible guardian of the benefit programs. Electronic is fine, as long as it can be successful doing this.
* This information is difficult for many HRIS “all in one” systems to manage. Ask the vendor to show you how you can look at past employee benefit information – is it easy and intuitive? If you wanted to print out an enrollment form for a carrier and the employee was no longer eligible for the benefits, for example, could you?

**Medical (Doctor’s notes, leave information – including FMLA, ADA Accommodation information, etc.):**

* Very important, per EEOC, to limit access to only those who need this information. Not payroll, not the recruiter:– only the HR Director and Leave Manager.

**Workers Compensation Claims:**

* Only accessible by HR Director and WC Coordinator – Not by Safety other than upon request for specific information.
* Often best to keep this on its own at least while “in process”; this could eventually be placed in the medical. Ensure that if required to maintain the information by OSHA regulations or other regulations that you are able to do so.

**OSHA Records and Reports**

* Safety and the Workers Compensation Coordinator should have access.
* You must be able to produce the report upon request in the appropriate format.

**Payroll (Tax forms, Direct Deposit information, Garnishment requests, social security number, etc.):**

* Accessible to Payroll and possibly certain members of HR.
* The IRS does not absolve the taxpayer from retaining the original records (paper); however, e-signing is a reasonable way to have an original which is electronic as well.

**Confidential File (claims, settlements, investigations)**

* HR Director or similar only.

**General Employee File (application, offer letter, performance and discipline, position information, termination info, general policy acknowledgements):**

* Open to HR Director, certain other HR staff and Manager.

1. **Develop a plan**
   * **Determine which areas should be electronic and whether they require a “system” or a process.** Maybe you spend a lot of time on applications and are hiring fast – That may mean that an applicant tracking system is of high importance. Here are the potential components of an HRIS system which you will be evaluating:
   * Payroll
   * Time tracking/Scheduling
   * Recruitment/Applicant Tracking
   * Screening
   * Onboarding
   * Compensation
   * Benefits
   * Training
   * Performance Assessment
   * Employee Relations

By looking at the processes and which are the most cumbersome (or alternatively, which would be the easiest to solve), you can begin to determine when to work on systems and how to allot time to each part of the process. You can also begin to estimate any additional consulting needs.

Never assume that you can implement a system well without help beyond that provided by the vendor if the system is a complex one that combines multiple processes.

A simple chart can help you prioritize – Here is an example of how you might complete one:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Process** | **Volume** | **Complexity** | **Benefits** | **Concerns** |
| Payroll | 500 paychecks split between 2 cycles.  200 hires annually  200 terms annually | 2 payroll cycles  Commissions  Bonuses  Safety Incentives  Piece Rate Pay  On-call pay  Frequent split payrolls | Reduce time spent on payroll and create stronger audit processes. | Will any system do all of this successfully and how much manual work will still be required?  System has minimal errors now, but very time consuming.  Due to complexity, likely need an onsite HRIS consultant for several months (and future on call). |
| Time Tracking/  Scheduling | Generally, 500 staff submitting time 5 days/wk. | Employees are assigned to a dept/job and spvsr and work a set schedule – minimal complexity. Nobody other than supervisor and HR need access. | Ease the approval and reconciliation process. | Few concerns other than integration – if we can’t find a system that does both payroll and time tracking well, how can we be confident that an integration will work successfully? Must look for companies that have teamed up a lot if not the same system. |

1. **Final Notes:**

* Work with your IT Department to thoroughly vet partners and vendors:
  + These companies will have access, quite often, to your employee’s personal information, social security number and direct deposit information. How experienced are their personnel in data security and how often is data security training conducted? Your IT Department or your IT vendor selection partner should have tools to help you assess the reputation of the organization.
  + Make sure you understand how you may be able to access data if the contract ends.
  + If you have a self-funded health plan you may need to have the vendor sign a HIPAA business associate agreement should they have incidental access to any health plan data.
* Never take your salesperson’s word on a question that is technology related. Write down each and every question that you have, then work them through with a specialist from that particular area of the technology team. Vendors often separate “technology lite demo staff” from those who can actually respond to detailed questions. Do not be ashamed to ask questions and to ask for an expert – this is a big expenditure. Instead of asking: “Can your system process split payrolls?”, for example, say “Describe/show me how I would process a split payroll in your system”.
* Work with your IT Department to thoroughly train staff and ensure appropriate technologies and practices are in place to protect data on the cloud and behind your firewall.
* Use the system’s security and role features to ensure your IT system includes access AND limitations for IT support personnel, safety, managers, employees, payroll and HR.
* Develop a data “map” or “library” for staff helping them to know where to go for HR information, along with vendor contacts. It is possible that you will use multiple systems along your journey, along with some paper. It is important to easily be able to retrieve and print clear copies of information upon request.

Written by a Catapult Advisor.