

Record Keeping Requirements

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Many of us are not clear on general guidelines pertaining to record-keeping for our business' personnel files and information. So let's take a look at some important ones:

How Long Should I Keep Job Applications on File?

For your businesses, there is no federal standard/requirement for keeping job applications. However, it is a "best practice" to maintain job applications for one year after the person has applied (resume and/or application). When disposing of personnel records, it is recommended that you shred/destroy the files to maintain the applicant's privacy. You can also advise candidates that "your resume will be kept in active files for one year and you will be re-considered if there is a position that more closely fits your qualifications."

How long should I maintain timesheets?

The short answer for TIMESHEETS is: 2 YEARS. That is just for timesheets, though.

Please note that there are other payroll records that must be kept longer. A longer and better long answer about payroll record management comes from *The Society for Human Resource Management*:

http://www.shrm.org/Research/Articles/Articles/Pages/CMS_000270

I bolded the most relevant information:

"**A number of federal laws**, including the Federal Insurance Contribution Act (FICA), the Federal Unemployment Tax Act (FUTA) and Federal Income Tax Withholding regulations, **require that employee records related to mandatory federal taxes be retained for at least four years**. These records would include basic employee demographic records (such as name, address, Social Security number, gender, date of birth, occupation and job classification), along with records of total compensation, tax forms, records of hours worked (straight time and overtime) and payments to annuity, pension, accident, health or other fringe benefit plans, as well as all wages subject to withholding and the actual taxes withheld from wages.

Every employer covered under the Fair Labor Standards Act (**FLSA**) must keep certain records for each covered nonexempt worker. **There is no required form for the records, but the records must include accurate information about the employee and data about the hours worked and the wages earned. The following is a listing of the basic records that an employer must maintain:**

- Employee's full name, as used for Social Security purposes, and on the same record, the employee's identifying symbol or number, if such is used in place of name on any time, work or payroll records.
- Address, including zip code.
- Birth date, if younger than 19.
- Sex and occupation.
- Time and day of week when the employee's workweek begins.
- Hours worked each day and total hours worked each workweek.
- Basis on which employee's wages are paid.
- Regular hourly pay rate.
- Total daily or weekly straight-time earnings.
- Total overtime earnings for the workweek.
- All additions to or deductions from the employee's wages.
- Total wages paid each pay period.
- Date of payment and the pay period covered by the payment.

Each employer must preserve payroll records, collective bargaining agreements, sales and purchase records for at least three years. Records on which wage computations are based (time cards and piece work tickets, wage rate tables, work and time schedules, and records of additions to or deductions from wages) should be retained for two years. These records must be open for inspection by the Division's representatives, who may ask the employer to make extensions, computations or transcriptions. The records may be kept at the place of employment or in a central records office.

...Though there is not a specific provision in the Act that mandates a particular retention period for employers, many experts recommend that **records used for pay decisions should be retained for the length of employment plus an additional five years.**

(Information from www.shrm.org)