

Privacy & Year-end

Even before the leaves have begun to turn colour, thoughts of year-end are dancing in my head. In my case, as a consultant, they are centred mainly on the end of the tax year and getting my books in order. For payroll professionals, however, year-end is one of—if not *the*—busiest time of the year.

Why should privacy be at the top of your mind during such a hectic time? There are two areas of concern. First, software and systems are updated to accommodate any changes that come into effect on January 1st. Second, you are required to send out information returns—T4s primarily, and Relevé 1s if you have employees in Quebec.

Software & Systems Updates

Whether you are running software in-house or using an outsourced solution, it should be updated in December so that your first payrolls of the New Year calculate statutory remittances and other deductions correctly. This raises some privacy concerns.

Organizations operating at a high level of process maturity generally have Privacy Impact Assessment (PIA) policies in place to identify and reduce potential privacy risks. These policies normally require a PIA to be conducted for all new or redesigned programs

and services that involve personal information. While altering the basic algorithms for calculating remittances and deductions for employees may not be considered a high enough privacy risk to trigger a full PIA, it is an important change and should still require some form of review in all organizations.

The question you need to ask is whether the developers ensured that privacy and security provisions were still intact when testing the software upgrades. I would advise documenting the security and privacy provisions in the system in a way that will ensure they are tested and validated every time the code is updated. Otherwise, you are taking privacy and security protection on faith—and that does not qualify as due diligence.

Information Returns

Information returns at year-end can be a nightmare. All of a sudden you have a large number of printed forms that contain highly sensitive information. This raises important privacy issues. Where do you store them? Do you need extra help in dealing with the volume? How do you ensure contact information for departed employees is correct?

To ensure the privacy of employee personal information, the printed forms must be kept in a secure area, with access limited to authorized personnel only. If you need to work in several areas because your organization does not have a space large enough to not only store but also complete and address the information returns, you need to make sure you control access to all the areas for that time period. In addition, if you call in extra or temporary staff to help with the workload, you must ensure they receive privacy training and they sign appropriate confidentiality agreements.

Another common privacy issue with information returns revolves around sending forms to people you are no longer in regular contact with because of termination or retirement. What assurances do you have that you have the correct addresses for these people? Terminated employees may not keep you up to date on their addresses, and your organization may not maintain regular contact with retirees. If you send the forms to the wrong addresses, you create a privacy breach.

What is the due diligence requirement for preventing address errors? If you have a high turnover rate or you have had a major layoff, I would advise taking some extra steps to validate addresses for former employees. This can be as simple a matter of sending an email to their last known personal email address asking for a verification of address. You may also want to put a request on the outside of the envelope of the T4 or Relevé 1 that it be returned unopened if the address is incorrect. Finally, as you cannot eliminate this possibility, keep track of incorrect address in your records.

As you prepare for year-end, review your processes and procedures to head off any potential privacy issues before they occur and ensure things flow as smoothly as possible. ■

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