

Using Employee Information without Abusing Employee Trust

An information life-cycle approach to privacy protection marks the collection, use, disclosure and disposal of personally identifiable information as the key stages. Payroll practitioners spend the greatest amount of time by far in the middle stage: use.

After reading the last column on data collection and risk management, you are hopefully planning to reduce the data in your payroll/HR database to the minimum required to achieve the purposes for which you have collected the information. Now the question becomes which uses are appropriate in the context of managing privacy risk.

There is no problem with a payroll practitioner having access to standard payroll information like time and attendance, benefits amounts, accruals and the like. After all, you must make sure the payroll is processed accurately and on time.

If you are part of a large HR/Payroll team, you may have access to only some of these categories of information or only some departmental staff information. This indicates that your group has taken steps to ensure that only the minimum number of people needed to produce payroll have been given access to the data they need for that purpose. Unfortunately, not all organizations apply this kind of business rule.

For example, an organization that uses an ERP system, such as Baan, Momentum, MS Dynamics or SAP, may allow everyone on the system to have access to employee information for convenience. This approach is both a legisla-

tive and personal risk.

The legislative risk is self-evident: in jurisdictions where privacy law applies to employee data, general access like this will almost certainly constitute a violation. In a unionized environment, this kind of treatment of employee data may also violate a collective agreement.

The personal risk is less obvious. I often get asked what the harm is in making an employee's home address available to a manager who wants to send them a get well gift when they are sick. In most cases, it would be harmless, and it is certainly allowable in all cases where you have employee consent for publishing or sharing their home address.

However, it is a payroll practitioner's responsibility to understand that there may be situations where a person wants his or her home address to be kept confidential. Unlisted phone numbers are a good parallel—people request them for a variety of reasons. Your policies need to take these situations into account, and you need to have processes in place to give affect to these policies.

A note about retention: As long as you retain the payroll data, you are considered to be using it. To minimize the risk of inappropriate use, reduce system costs, and comply with legislation and best practices, you should dispose of employee information as soon as all reasonably foreseeable business needs for that information have been fulfilled.

For example, you need to keep certain information for Canada Revenue Agency purposes (six years after year-end). Once that time period has elapsed, do you still

have a business requirement for some or all of that information? Similarly, can you articulate a business requirement for keeping a 12-year-old record of a disciplinary hearing for an employee who has been a model employee for the last 10 years?

Remember that keeping information for the minimum time is not necessarily the same as a short time. You may keep some information about employees, such as their home contact information for the duration of their lifetime assuming you are paying them a pension. However, eventually you will need to dispose of all of this information. Building and implementing a retention schedule will put you on the right path.

Making sure that your uses of employee data are limited and specific will go a long way toward minimizing the risks of a privacy breach and maintaining employee trust.

In the next column, I will address the next stages in the life cycle of payroll/HR data from a privacy perspective: disclosure.

Send your questions and feedback to john@wunderlich.ca. Include “CPA Life Cycle” in the subject line. ■

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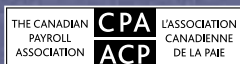
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