

PERSONNEL RECORD AUDIT PROJECT

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10-Day Accelerated Implementation Plan

TO: Controller, Sapphos

FROM: Human Resources

DATE: December 20, 2025 (Day 1.5)

RE: Personnel File Audit - Project Plan and Resource Strategy

EXECUTIVE SUMMARY

This plan establishes a technology-enabled approach to complete a comprehensive personnel file audit within 10 business days. **Industry benchmarks indicate this scope typically requires 2-6 months for organizations of comparable size**^[1], with standard manual review requiring 1-1.5 hours per employee file^[2]. The accelerated timeline is achievable through strategic use of AI-assisted document analysis, Obsidian-based data mapping, and digitization workflows that reduce human error while maintaining strict confidentiality protocols.

Current Status (Day 1.5):

- Systems access established
- Initial file condition assessment complete
- Extensive compliance research completed (federal, California, local requirements)
- Gusto employee roster identified as source of truth

Critical Findings:

- Files exist in fragmented paper format across multiple locations
 - Significant compliance gaps identified: missing records, outdated policies, non-compliant documentation
 - Files lack systematic organization (loose documents in cabinets)
 - **76% likelihood of I-9 errors** based on industry data for paper-based systems^[3]
 - Immediate digitization required to enable AI-assisted analysis and reduce audit timeline from projected 2-6 months to 10 days
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PROJECT SCOPE & OBJECTIVES

SMART Goals:

Specific:

- Audit 100% of active employee files identified in Gusto roster
- Map all personnel files against 50+ required federal/California/local documentation requirements
- Conduct comprehensive policy inventory and gap analysis
- Identify and categorize compliance gaps by priority (Critical/Important/Best Practice)
- Establish digitized personnel record system with proper file separation protocols

Measurable:

- Daily file completion targets (see Day-by-Day Playbook)
- Compliance gap identification rate (% files with Tier 1/2/3 deficiencies)
- Document digitization completion rate
- Policy inventory completion (all required policies identified and assessed)
- Obsidian vault structure completion (nodes, relationships, gap analysis dashboards)

Achievable:

- Technology-enabled approach reduces manual review time by 60-70%
- Administrative Assistant handles non-confidential scanning/organization
- AI analysis (cloud for non-sensitive, local Ollama for confidential data)
- Obsidian community plugins enable automated relationship mapping and gap analysis

Relevant:

- Addresses critical compliance exposure: California SB 807 (4-year retention)^[4], SB 513 (training records effective 1/1/2026)^[5], SB 553 (workplace violence)^[6], I-9 violations (\$281-\$2,789/form)^[7], FMLA/ADA confidentiality requirements^{[8][9]}
- Establishes foundation for ongoing compliance maintenance
- Creates defensible audit trail for regulatory inspections

Time-Bound:

- **10 business days: December 19, 2025 - January 3, 2026**
- Final report delivery: January 3, 2026
- Daily milestones with specific deliverables

RESOURCE ALLOCATION & CONFIDENTIALITY PROTOCOLS

Team Structure:

Role	Responsibilities	Access Level
Human Resources	Audit execution, confidential file review, AI analysis, compliance determination, final reporting	FULL ACCESS: All personnel files, medical records, investigative files, I-9s
Administrative Assistant	Non-confidential document scanning, file organization, data entry, physical file indexing	LIMITED ACCESS: General personnel files only (see below)
SMEs (As Needed)	Clarification on policies, historical context, departmental information	NO FILE ACCESS: Verbal consultation only

Legal Framework for Personnel File Access Restrictions:

California Labor Code § 1198.5 - Employee Personnel File Access Rights: [\[10\]](#)

- Employees have right to inspect personnel records relating to performance or grievance
- Current and former employees may request inspection or copies
- Employer must comply within 30 calendar days (or 35 days by written mutual agreement)
- Employer may charge reasonable copying costs

California Labor Code § 1174 - Payroll Records Access: [\[11\]](#)

- Employees have right to inspect payroll records
- Must be made available for inspection upon request
- Includes time records, wage statements, and wage computation records

Federal Confidentiality Requirements - Medical Records:

29 CFR § 825.500(g) - FMLA Medical Records Confidentiality: [\[8-1\]](#)

- Medical certifications and related documents MUST be maintained in separate files
- MUST be treated as confidential medical records
- Separate from usual personnel files
- Access limited to: supervisors/managers (only work restriction info), first aid/safety personnel (emergency treatment), government officials (compliance investigation), legal requirements

42 USC § 12112(d)(3)(B) - ADA Medical Information Confidentiality:^[9-1]

- Medical examinations and inquiries information MUST be kept on separate forms
- MUST be maintained in separate medical files
- MUST be treated as confidential medical records
- Exceptions: supervisors/managers (necessary work restrictions), first aid/safety personnel (emergency treatment), government officials (compliance investigation), insurance requirements, workers' compensation

42 USC § 2000ff-5(a) - GINA Genetic Information Confidentiality:^[12]

- Genetic information MUST be maintained on separate forms
- MUST be maintained in separate medical files
- MUST be treated as confidential medical records
- Same access restrictions as ADA medical records

8 CFR § 274a.2 - Form I-9 Separation and Confidentiality:^[13]

- USCIS Handbook for Employers M-274 recommends I-9s be kept separate from personnel files
- Limits disclosure during ICE I-9 audits (employer can produce I-9s without exposing complete personnel files)
- Employees have NO statutory right to access employer's copy of Form I-9

Access Control Requirements Summary:

File Type	Legal Requirement	Permitted Access	Citation
General Personnel Files	Employee inspection right	Employee, authorized HR personnel, supervisors (work-related), legal counsel	Cal. Lab. Code § 1198.5
Payroll Records	Employee inspection right	Employee, authorized HR/payroll personnel, government investigators	Cal. Lab. Code § 1174
FMLA Medical Files	MUST be separate and confidential	HR personnel only, managers (work restrictions only), first aid personnel (emergency), government officials (investigation)	29 CFR § 825.500(g)
ADA Medical Files	MUST be separate and confidential	HR personnel only, managers (work restrictions only), first aid personnel (emergency), government officials	42 USC § 12112(d)(3)(B)

File Type	Legal Requirement	Permitted Access	Citation
		(investigation), insurance/workers' comp (as required)	
GINA Genetic Information	MUST be separate and confidential	Same as ADA restrictions	42 USC § 2000ff-5(a)
Form I-9	Recommended separate per USCIS	HR personnel only, government investigators (ICE, USCIS, DOL), NO employee access	8 CFR § 274a.2; USCIS M-274
Investigation Files	Confidential (best practice)	HR leadership, legal counsel only; mark "Confidential" or "Attorney-Client Privileged"	Common law; litigation privilege

Administrative Assistant - Permissible Access & Tasks:

PERMITTED ACCESS (General Personnel Files):

The Administrative Assistant may handle and scan the following non-confidential documents:

- Employment applications
- Resumes/CVs
- Offer letters (non-medical)
- Job descriptions
- At-will employment acknowledgments
- Handbook acknowledgments
- Emergency contact forms
- Direct deposit authorizations
- W-4 and DE-4 tax forms
- Performance reviews (non-medical)
- Training certificates (non-medical)
- Promotion/transfer records
- Time records and attendance logs
- Disciplinary records (non-medical, non-investigative)
- General correspondence
- Equipment/property return forms

PROHIBITED ACCESS (Confidential Files - Human Resources Only):

Per 29 CFR § 825.500(g), 42 USC § 12112(d)(3)(B), 42 USC § 2000ff-5(a):

- **Medical Records:** FMLA certifications, ADA accommodation requests, fitness-for-duty exams, medical evaluations, drug test results, workers' compensation medical documentation, disability insurance forms, pregnancy disability leave certifications, GINA genetic information
- **Investigative Files:** Harassment complaints, investigation notes, witness statements, internal investigation findings, retaliation documentation
- **Highly Sensitive:** Background check reports containing medical or sensitive personal information

 **SPECIAL HANDLING (Limited Administrative Assistant Involvement):**

- **Form I-9:** Administrative Assistant may scan I-9 forms but MUST NOT review for completeness or compliance. Forms must be kept in separate consolidated file per 8 CFR § 274a.2 and USCIS Handbook M-274. Human Resources conducts all I-9 compliance review.

Workflow for Confidentiality Protection:

1. **Pre-Screening (Human Resources - 5 min/file):** Review each physical file to identify and remove confidential documents before releasing to Administrative Assistant
 2. **Non-Confidential Scanning (Administrative Assistant):** Scan general personnel documents following naming conventions
 3. **Confidential Scanning (Human Resources Only):** Separately scan medical, investigative, and I-9 files in secure workflow
 4. **Obsidian Data Entry:** Human Resources enters all compliance data; Administrative Assistant may enter non-sensitive metadata (employee name, hire date, department) only
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POLICY INVENTORY & COMPLIANCE ASSESSMENT

Purpose of Policy Inventory:

California and federal law require employers to maintain specific written policies, provide them to employees, and obtain signed acknowledgments. This section identifies all legally required and recommended policies that should be:

1. Documented in writing
2. Distributed to employees
3. Acknowledged by employees (signature/receipt)
4. Retained in personnel files
5. Updated regularly to reflect legal changes

Policy inventory will be conducted concurrently with personnel file audit to identify:

- Existence of required policies
 - Currency of policies (last update date)
 - Employee acknowledgment status
 - Compliance with current legal requirements
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TIER 1: LEGALLY REQUIRED POLICIES (Critical Compliance)

1. Sexual Harassment, Discrimination, and Retaliation Prevention Policy

Legal Authority:

- California Fair Employment and Housing Act (FEHA) - Cal. Gov. Code § 12940^[14]
- Title VII of the Civil Rights Act of 1964 - 42 USC § 2000e^[15]
- Cal. Gov. Code § 12950 (employers must take reasonable steps to prevent harassment)^[16]

Requirements:

- Written policy prohibiting harassment, discrimination, and retaliation
- Definitions of prohibited conduct
- Complaint procedure with multiple reporting avenues
- Investigation procedures
- Anti-retaliation protections
- Remedies available to victims

Employee Acknowledgment: Required (best practice; proves employee received policy)

Retention: 4 years per SB 807 (Cal. Gov. Code § 12946)^[4-1]

Distribution: All employees at hire; redistribute when policy updated

2. Sexual Harassment Prevention Training Policy & Compliance

Legal Authority:

- Cal. Gov. Code § 12950.1 (SB 1343 - effective 1/1/2019; amended by SB 778 effective 1/1/2024)^[17]

Requirements:

- **Employers with 5+ employees MUST provide:**
 - 2 hours of interactive training for supervisory employees
 - 1 hour of interactive training for non-supervisory employees
 - Training every 2 years
 - New employees: within 6 months of hire or assumption of supervisory position
- **Training content must include:**
 - Federal and state statutory prohibitions against sexual harassment
 - Remedies available to victims
 - Prevention and correction of harassment
 - Practical examples including harassment based on gender identity, gender expression, sexual orientation
 - Prevention of abusive conduct (added by SB 778)
- **Trainer requirements:** Must have knowledge and expertise in harassment prevention
- **Documentation requirements:**
 - Training certificates with: employee name, training date, trainer name, duration, content covered
 - Electronic certificates acceptable per § 12950.1(a)(1)
 - Retention: 4 years per § 12950.1(a)(4) for apprenticeship programs; recommend 4 years for all per SB 807

Employee Acknowledgment: Certificate of completion serves as acknowledgment

Retention: 4 years

Current Compliance Check: Verify all employees hired before 7/1/2025 received training within last 2 years; new hires within 6 months

3. Workplace Violence Prevention Plan

Legal Authority:

- Cal. Lab. Code §§ 6401.7-6401.9 (SB 553 - effective July 1, 2024)^[6-1]

Requirements:

- **Written workplace violence prevention plan** (may be standalone or incorporated into IIPP)
- **Plan must include:**
 - Procedures to identify and evaluate workplace violence hazards
 - Procedures to correct workplace violence hazards
 - Procedures for incident response
 - Employee training and instruction procedures
 - Methods to coordinate implementation with other employers (multi-employer worksites)
 - Procedures for employee involvement
- **Violent incident log** - must record every workplace violence incident:
 - Date, time, location
 - Detailed description of incident
 - Nature of violence or threat
 - Consequences (injuries, property damage)
 - Classification: Type 1 (criminal), Type 2 (customer/client), Type 3 (worker-on-worker), Type 4 (personal relationship)
 - Names/job titles of employees involved
 - Witnesses
- **Training requirements:**
 - When plan first established
 - Annually
 - When new/unrecognized hazards identified
 - When plan changes
- **Accessibility:** Plan and records must be accessible to employees, employee representatives, and Cal/OSHA at all times

Employee Acknowledgment: Training acknowledgment required

Retention: Plan maintained indefinitely; violent incident logs 5 years per Cal. Lab. Code § 6401.9

Current Compliance Check: Verify plan exists, was implemented by 7/1/2024, employees trained, incident log maintained

4. Injury and Illness Prevention Program (IIPP)

Legal Authority:

- Cal. Lab. Code § 6401.7^[18]

- 8 CCR § 3203^[19]

Requirements:

- **Written IIPP required for ALL California employers**
- **Must include:**
 - Identity of person(s) responsible for implementing program
 - System for communicating with employees (safety meetings, training, posting)
 - System for identifying and evaluating workplace hazards
 - Procedures to investigate occupational injuries and illnesses
 - Methods to correct unsafe/unhealthy conditions
 - Training and instruction for employees
- **Recordkeeping:** Inspection records and training records must be retained for 1 year per 8 CCR § 3203(a)(3)
- **Accessibility:** Must be readily accessible to employees at all times

Employee Acknowledgment: Training acknowledgment required

Retention: Written program maintained indefinitely; inspection/training records 1 year minimum

Current Compliance Check: Verify IIPP exists, is current, employees trained, annual review conducted

5. Discrimination and Harassment Complaint Investigation Procedures

Legal Authority:

- Cal. Gov. Code §§ 12940, 12950 (FEHA)^{[14-1][16-1]}
- Title VII - 42 USC § 2000e^[15-1]

Requirements:

- Written procedures for receiving, investigating, and resolving complaints
- Multiple reporting avenues (supervisor, HR, hotline, etc.)
- Prompt and thorough investigation protocols
- Confidentiality provisions (to extent possible)
- Protection against retaliation

- Interim protective measures during investigation
- Resolution and corrective action procedures

Employee Acknowledgment: Required (proves employee aware of complaint procedures)

Retention: 4 years per SB 807

Current Compliance Check: Verify procedure exists, is communicated to employees, employees acknowledged receipt

6. Wage Theft Prevention Notices (Wage Statement Requirements)

Legal Authority:

- Cal. Lab. Code § 2810.5 (Wage Theft Prevention Act) [\[20\]](#)
- Cal. Lab. Code § 226 (wage statement requirements) [\[11-1\]](#)

Requirements:

- Provide written notice to new employees at time of hire containing:
 - Rate(s) of pay and basis (hourly, salary, commission, piece rate, etc.)
 - Allowances (if any) claimed as wages
 - Regular payday
 - Name, physical address, mailing address, telephone number of employer
 - Workers' compensation insurance carrier information
- Provide updated notice within 7 days of any changes
- Notice must be in English and employee's primary language (if Spanish, Chinese, Tagalog, Vietnamese, Korean required by Labor Commissioner)
- Provide itemized wage statements per Cal. Lab. Code § 226 (see payroll records section)

Employee Acknowledgment: Required (signed receipt of wage notice)

Retention: 3 years per Cal. Lab. Code § 2810.5(b)

Current Compliance Check: Verify all employees received wage notice at hire; verify wage statements include all 9 required items

7. At-Will Employment Policy

Legal Authority:

- California common law (presumption of at-will employment)^[21]
- Cal. Lab. Code § 2922 (employment relationship presumed at-will)^[22]

Requirements:

- **Critical:** Clear statement that employment is at-will
- Can be terminated by either party at any time, with or without cause, with or without notice
- Nothing in handbook/policies creates contract for employment
- Only authorized officer can modify at-will status in writing
- **Recommended placement:** Handbook acknowledgment, offer letter, separate at-will acknowledgment form

Employee Acknowledgment: **MANDATORY** (without signed acknowledgment, employer may have difficulty proving at-will status in wrongful termination litigation)

Retention: Duration of employment + 4 years per SB 807

Current Compliance Check: Verify ALL employees have signed at-will acknowledgment

8. Meal and Rest Break Policy

Legal Authority:

- Cal. Lab. Code § 512 (meal periods)^[23]
- Cal. Lab. Code § 226.7 (rest periods)^[24]
- IWC Wage Order (applicable industry wage order)^[25]

Requirements:

- **Meal periods:**
 - 30-minute unpaid meal period for shifts over 5 hours
 - Second 30-minute meal period for shifts over 10 hours
 - Meal period waivers (mutual written consent):
 - First meal period waived if shift \leq 6 hours
 - Second meal period waived if shift \leq 12 hours AND first meal taken
- **Rest periods:**
 - 10-minute paid rest period for every 4 hours worked (or major fraction thereof)
 - Rest period should be in middle of work period when practicable

- **On-duty meal period agreements** (if job duties prevent relief from all duties):
 - Must be in writing
 - Must be revocable by employee at any time
 - Only permitted if nature of work prevents relief
- **Premium pay:** 1 hour at regular rate for each day meal/rest period not provided
- **Record retention:** Meal/rest break records, waivers, on-duty agreements: 3 years

Employee Acknowledgment: Required for meal period waivers and on-duty meal agreements

Retention: Policy: 4 years; waivers/agreements: 3 years

Current Compliance Check: Verify policy exists, waivers properly documented, premium pay tracking in place

9. Paid Sick Leave Policy

Legal Authority:

- Cal. Lab. Code §§ 246-246.5 (Healthy Workplaces, Healthy Families Act of 2014; amended by SB 616 effective 1/1/2024)^[26]

Requirements:

- **All California employees entitled to paid sick leave**
- **Accrual/Front-loading:**
 - Accrual method: 1 hour per 30 hours worked
 - Front-loading method: Provide 40 hours (5 days) at beginning of year
- **Usage:**
 - Minimum 40 hours (5 days) per 12-month period
 - May be used for: employee illness/medical care, family member illness/medical care, victim of domestic violence/sexual assault/stalking
 - Increments: Employer may set reasonable minimum increment (not exceeding 2 hours)
- **Carryover:**
 - Unused leave carries to next year
 - Employer may cap accrual at 80 hours (10 days)
 - Employer may limit usage to 40 hours (5 days) per year
- **Notice requirements:**

- Provide notice of sick leave rights at hire (Labor Commissioner poster or individual notice)
- Show accrued/used sick leave on wage statement OR provide separate notice at least semi-monthly
- **Record retention:** 3 years per Cal. Lab. Code § 246
- **Payout at separation:** NOT required (unless employer policy provides otherwise)

Employee Acknowledgment: Provide notice of sick leave rights (acknowledgment recommended)

Retention: 3 years

Current Compliance Check: Verify policy complies with SB 616 (5 days/40 hours minimum), accrual tracking in place, wage statements show balance

10. Workers' Compensation Insurance Information

Legal Authority:

- Cal. Lab. Code §§ 3550, 3551 [\[27\]](#)

Requirements:

- Provide written notice to new employees at time of hire:
 - Employee is covered by workers' compensation insurance
 - Name of insurance carrier or self-insured status
 - Medical provider network information (if applicable)
 - How to obtain medical care for work-related injury/illness
 - Prohibition against discrimination/retaliation for filing claim
- Post workers' compensation notices in conspicuous location
- Provide claim form (DWC-1) within 1 working day of knowledge of injury
- Provide pamphlet "Time of Hire" (DLSE publication)

Employee Acknowledgment: Receipt of notice (recommended)

Retention: Duration of employment + 3 years

Current Compliance Check: Verify all employees received notice at hire, posters displayed, claim forms available

11. California Family Rights Act (CFRA) and Family and Medical Leave Act (FMLA) Policy

Legal Authority:

- Family and Medical Leave Act (FMLA) - 29 USC §§ 2601-2654 [28]
- California Family Rights Act (CFRA) - Cal. Gov. Code §§ 12945.1-12945.2 [29]
- 29 CFR Part 825 [30]

Requirements:

- **FMLA Coverage:** Employers with 50+ employees within 75 miles
- **CFRA Coverage:** Employers with 5+ employees (expanded from 50+ effective 1/1/2021)
- **Employee eligibility:** 12 months tenure, 1,250 hours worked in last 12 months
- **Leave entitlement:** 12 workweeks in 12-month period for:
 - Employee's serious health condition
 - Care for family member with serious health condition
 - Birth/placement of child
 - Qualifying military exigency
 - Military caregiver leave (26 weeks)
- **Pregnancy Disability Leave (PDL):** Up to 4 months for pregnancy-related disability (separate from CFRA)
- **Required notices:**
 - General FMLA/CFRA rights notice (poster + handbook)
 - Eligibility notice (WH-382) within 5 business days of leave request
 - Rights and responsibilities notice (WH-381)
 - Designation notice (WH-382) within 5 business days
- **Medical certification:** Request DOL Form WH-380-E/F within 5 business days; employee has 15 days to return
- **Record retention:** 3 years; medical certifications in SEPARATE CONFIDENTIAL FILE per 29 CFR § 825.500(g)

Employee Acknowledgment: Handbook acknowledgment includes FMLA/CFRA rights notice

Retention: Policy: 4 years; medical records: 3 years (separate confidential file)

Current Compliance Check: Verify policy exists, covers CFRA expansion to 5+ employees, required notices in place, medical certifications separate

12. Americans with Disabilities Act (ADA) Reasonable Accommodation Policy

Legal Authority:

- Americans with Disabilities Act (ADA) - 42 USC § 12101 et seq. [31]
- California Fair Employment and Housing Act (FEHA) - Cal. Gov. Code § 12940 [14-2]
- 29 CFR Part 1630 [32]

Requirements:

- Policy prohibiting disability discrimination
- Reasonable accommodation procedures:
 - How to request accommodation
 - Interactive process procedures
 - Consideration of employee's preferred accommodation
 - Undue hardship assessment
 - Trial period for accommodations
- Medical examination protocols (only job-related and consistent with business necessity)
- Confidentiality of medical information
- Anti-retaliation protections

Employee Acknowledgment: Handbook acknowledgment (recommended)

Retention: 4 years; accommodation requests and medical information in SEPARATE CONFIDENTIAL FILE per 42 USC § 12112(d)(3)(B)

Current Compliance Check: Verify policy exists, interactive process documented, medical files separate

13. Workplace Safety and Health Policy

Legal Authority:

- California Occupational Safety and Health Act (Cal/OSHA) - Cal. Lab. Code § 6400 et seq. [18-1]
- 8 CCR § 3203 (incorporated into IIPP requirement) [19-1]

Requirements:

- Commitment to safe workplace
- Employee rights to safe workplace
- Prohibition against retaliation for safety complaints
- Reporting procedures for hazards and injuries
- Reference to IIPP
- Emergency procedures

Employee Acknowledgment: IIPP training acknowledgment covers this requirement

Retention: Indefinite (part of IIPP)

Current Compliance Check: Verify policy exists and is current

14. Anti-Retaliation and Whistleblower Protection Policy

Legal Authority:

- Cal. Lab. Code §§ 1102.5, 1102.6 (whistleblower protection)^[33]
- Cal. Lab. Code § 98.6 (wage claim retaliation)^[34]
- Cal. Lab. Code § 6310 (occupational safety retaliation)^[35]
- 29 USC § 215(a)(3) (FLSA retaliation)^[36]

Requirements:

- Prohibition against retaliation for:
 - Reporting suspected legal violations
 - Filing wage claims
 - Reporting safety concerns
 - Requesting leave (FMLA, CFRA, sick leave, PDL)
 - Requesting reasonable accommodation
 - Filing discrimination/harassment complaints
 - Participating in investigations
- Protected disclosure procedures
- Complaint procedures
- Investigation and remedies

Employee Acknowledgment: Handbook acknowledgment (recommended)

Retention: 4 years per SB 807

Current Compliance Check: Verify policy exists and covers all statutory protected activities

15. Lactation Accommodation Policy

Legal Authority:

- Cal. Lab. Code § 1031^[37]
- Fair Labor Standards Act (FLSA) § 207(r) - 29 USC § 207(r)^[38]

Requirements:

- **California requirements (Cal. Lab. Code § 1031):**
 - Reasonable break time to express breast milk (paid or unpaid per employer policy; if coincides with rest break, must be paid)
 - Private location close to work area (NOT bathroom)
 - Access to sink with running water and refrigerator or cooler
 - Time: Until child is 1 year old
 - Applies to ALL employers regardless of size
- **Federal FLSA requirements:**
 - Reasonable break time to express milk for 1 year after birth
 - Private location (not bathroom)
 - Applies to employers with 50+ employees (under 50 may claim undue hardship)
- Prohibition against discrimination/retaliation

Employee Acknowledgment: Handbook acknowledgment; policy reminder to pregnant employees

Retention: 4 years

Current Compliance Check: Verify policy exists, lactation room designated, procedure in place

16. Timekeeping and Overtime Policy

Legal Authority:

- Fair Labor Standards Act (FLSA) - 29 USC § 201 et seq.^[39]
- Cal. Lab. Code §§ 510, 1174^{[11-2][40]}

- 29 CFR § 516 (recordkeeping requirements)^[41]

Requirements:

- Procedures for recording time worked
- Overtime calculation and authorization procedures
- Meal and rest break recording (if required)
- Prohibition against off-the-clock work
- Timekeeping system description
- Manager approval requirements
- Consequences for falsification

Employee Acknowledgment: Handbook acknowledgment (recommended)

Retention: Policy: 4 years; time records: 3 years per FLSA/Cal. Lab. Code § 1174

Current Compliance Check: Verify policy exists, timekeeping system in place, overtime properly calculated

TIER 2: STRONGLY RECOMMENDED POLICIES (Best Practice)

17. Social Media and Electronic Communications Policy

Legal Authority:

- National Labor Relations Act (NLRA) § 7 (protects concerted activity)^[42]
- California Constitution Article I, § 1 (privacy rights)^[43]

Requirements:

- Acceptable use of company technology
- Personal use guidelines
- Confidentiality and trade secret protection
- Prohibition against harassment/discrimination via electronic communications
- Social media guidelines (must comply with NLRA - cannot prohibit discussions about wages, working conditions)
- Monitoring disclosures
- BYOD (bring your own device) policies if applicable

Employee Acknowledgment: Required (establishes consent to monitoring)

Retention: 4 years

Recommended: Yes - protects trade secrets and establishes monitoring consent

18. Confidentiality and Trade Secrets Policy

Legal Authority:

- California Uniform Trade Secrets Act - Cal. Civ. Code §§ 3426-3426.11^[44]
- 18 USC § 1836 (Defend Trade Secrets Act)^[45]

Requirements:

- Definition of confidential information and trade secrets
- Non-disclosure obligations during and after employment
- Return of confidential information at separation
- Third-party confidential information protection
- Consequences for violations

Employee Acknowledgment: Required (establishes notice of confidentiality obligations)

Retention: Indefinite (trade secret protection ongoing)

Recommended: Yes - critical for trade secret litigation

19. Drug and Alcohol-Free Workplace Policy

Legal Authority:

- Drug-Free Workplace Act of 1988 - 41 USC §§ 8101-8106 (federal contractors)^[46]
- California Proposition 64 (marijuana legalization; employer may still prohibit)^[47]

Requirements:

- Prohibition against use, possession, distribution of drugs/alcohol at work
- Testing procedures (if applicable): pre-employment, reasonable suspicion, post-accident
- Employee assistance program (EAP) information
- Consequences for violations

- California marijuana considerations (lawful off-duty use; employer may still prohibit impairment at work)

Employee Acknowledgment: Required (especially if drug testing conducted)

Retention: 4 years; test results in SEPARATE CONFIDENTIAL MEDICAL FILE

Recommended: Yes if safety-sensitive positions or federal contractor

20. Code of Conduct and Ethics Policy

Legal Authority:

- General employment law; Sarbanes-Oxley Act § 406 (public companies)^[48]

Requirements:

- Expected workplace behavior
- Conflicts of interest
- Gifts and entertainment
- Accurate recordkeeping
- Reporting violations
- Protection against retaliation

Employee Acknowledgment: Recommended

Retention: 4 years

Recommended: Yes - establishes behavioral expectations

21. Attendance and Punctuality Policy

Legal Authority:

- General employment law; FMLA/CFRA compliance

Requirements:

- Reporting absences procedures
- Tardiness definitions and consequences
- Excused vs. unexcused absences

- Progressive discipline for attendance issues
- Integration with leave policies (FMLA, CFRA, sick leave)

Employee Acknowledgment: Recommended

Retention: 4 years

Recommended: Yes - supports discipline decisions

22. Performance Management and Progressive Discipline Policy

Legal Authority:

- Title VII, FEHA (non-discriminatory discipline required)^{[14-3][15-2]}

Requirements:

- Performance expectations
- Review procedures
- Progressive discipline steps (verbal warning, written warning, final warning, termination)
- Documentation requirements
- Right to respond/appeal
- Exceptions for serious misconduct

Employee Acknowledgment: Recommended

Retention: 4 years

Recommended: Yes - critical for defending terminations

23. Equal Employment Opportunity (EEO) Policy

Legal Authority:

- Title VII - 42 USC § 2000e^[15-3]
- FEHA - Cal. Gov. Code § 12940^[14-4]

Requirements:

- Statement of non-discrimination

- Protected characteristics (race, color, religion, sex, sexual orientation, gender identity, national origin, disability, age, genetic information, marital status, military/veteran status)
- Application to all employment decisions
- Complaint procedures
- EEO Officer designation

Employee Acknowledgment: Recommended

Retention: 4 years

Recommended: Yes - required for employers with 15+ employees (federal); 5+ employees (California)

24. Workplace Romantic Relationships/Anti-Nepotism Policy

Legal Authority:

- FEHA sexual harassment prevention [14-5]
- Common law conflicts of interest

Requirements:

- Disclosure of romantic relationships (supervisor-subordinate)
- Consensual relationship agreements (if applicable)
- Anti-nepotism provisions
- Transfer/reassignment procedures to avoid conflicts
- Prohibition against favoritism

Employee Acknowledgment: Recommended

Retention: 4 years

Recommended: Yes - prevents harassment claims and conflicts of interest

TIER 3: 2026 COMPLIANCE REQUIREMENTS

25. SB 294 Workplace Know Your Rights Notice (Effective February 1, 2026)

Legal Authority:

- Cal. Lab. Code § 2810.3 (SB 294 - Workplace Know Your Rights Act)^[49]

Requirements:

- **Annual notice to all employees covering:**
 - Workers' compensation benefits
 - Protections against unfair immigration-related practices
 - Right to organize and form unions
 - Constitutional rights when interacting with law enforcement
 - Other workplace rights deemed material by Labor Commissioner
- **Template notice:** Labor Commissioner will post template by January 1, 2026 on DIR website
- **Delivery methods:** Personal service, email, text message, employee portal (within 1 business day of sending)
- **Emergency contact designation:** Employees must have opportunity to designate emergency contact by March 30, 2026
- **Notification requirement:** If employee arrested/detained at worksite, employer must notify designated emergency contact
- **Record retention:** 3 years showing notice compliance (date provided, method, recipients)

Employee Acknowledgment: Receipt of notice (method varies by delivery)

Retention: 3 years

Penalties:

- Failure to provide notice: up to \$500/employee
- Failure to notify emergency contact: up to \$10,000/employee

Timeline:

- January 1, 2026: Template available on DIR website
- February 1, 2026: Provide notice to all current employees
- March 30, 2026: Obtain emergency contact designations

Current Compliance Check: Plan implementation for 2/1/2026 delivery; prepare emergency contact designation process

26. SB 513 Training Records in Personnel Files (Effective January 1, 2026)

Legal Authority:

- Cal. Lab. Code § 1198.5 (SB 513 - expands definition of "personnel records")^[5-1]

Requirements:

- **Expands "personnel records" to include:** "education or training records maintained by the employer"
- **Training records must include:**
 - Employee name
 - Training provider name
 - Duration and date of training
 - Core competencies covered (skills in equipment or software)
 - Resulting certification or qualification
- **Employee access rights:**
 - Current and former employees may request inspection or copies
 - Must provide within 30 calendar days (or 35 days by mutual written agreement)
 - May charge reasonable copying costs
- **Penalties:** \$750 per violation per employee per request

Employee Acknowledgment: Not required for inclusion in file; required upon employee request for copies

Retention: Same as other personnel records - 4 years per SB 807

Timeline: Effective January 1, 2026 - all training provided after this date must include required elements

Current Compliance Check: Audit training documentation processes; ensure all training records include 5 required elements beginning 1/1/2026

27. AB 692 Stay-or-Pay Agreement Restrictions (Effective January 1, 2026)

Legal Authority:

- Cal. Lab. Code § 2802.1 (AB 692 - Training Repayment Agreement Provision)^[50]

Requirements:

- **Prohibits or restricts employer-mandated training cost repayment agreements** ("stay-or-pay" clauses)
- **Exceptions:** Certain licensed professions may require repayment agreements if specific conditions met
- **Existing agreements:** May be unenforceable under new law
- **Action required:** Review all employment agreements, offer letters, and policies containing training cost repayment provisions

Employee Acknowledgment: If new agreements drafted, acknowledgment required

Retention: 4 years

Timeline: Effective January 1, 2026

Current Compliance Check: Legal review of existing agreements; revise templates for new hires; consult counsel on enforceability of existing agreements

POLICY INVENTORY AUDIT PROCESS

During Days 3-7 of the personnel file audit, conduct parallel policy inventory:

Day 3: Policy Existence Check

- Create comprehensive list of all existing written policies
- Identify policies that exist but are not distributed/acknowledged by employees
- Flag missing required policies (Tier 1 critical gaps)

Day 4-5: Policy Currency Assessment

- Review last update date of each policy
- Compare policy language against current legal requirements
- Identify policies requiring updates for compliance (e.g., CFRA expansion to 5+ employees, SB 616 sick leave increase to 5 days)

Day 6: Employee Acknowledgment Verification

- Cross-reference policies against employee files
- Identify employees missing handbook acknowledgments
- Identify employees missing specific policy acknowledgments (at-will, harassment, etc.)

Day 7: Gap Analysis and Recommendations

- Categorize policy gaps by priority (Critical/Important/Recommended)
- Draft policy update/creation timeline
- Estimate resources required for policy remediation

Final Report will include:

- Policy Inventory Matrix (all policies, last update, distribution status, acknowledgment rates)
 - Critical Policy Gaps requiring immediate attention
 - Policy Update Recommendations with legal citations
 - Template policies for missing required policies
 - 90-Day Policy Remediation Action Plan
-

TECHNOLOGY STRATEGY

Obsidian Vault Architecture:

Purpose: Centralized, encrypted, local knowledge management system for audit data, compliance tracking, and relationship mapping.

Key Community Plugins:

Plugin	Purpose
Dataview	Query-based compliance tracking; generate dynamic lists of missing documents by employee
Templater	Standardized employee audit note templates with required document checklists
Obsidian Charts	Visual gap analysis dashboards (% compliance by category)
Graph Analysis	Map relationships between employees, departments, policies, and compliance gaps
Kanban	Project task management (daily objectives, scanning queue)
Advanced Tables	Sortable compliance matrices
Excalidraw	Visual information silo mapping
Tag Wrangler	Categorize files by compliance status (#tier1-missing, #tier2-missing, etc.)

Vault Structure:

```

/Sapphos-Personnel-Audit/
├── 01-Employees/
│   ├── [Employee Name].md (individual audit notes)
├── 02-Compliance-Framework/
│   ├── Required-Records-Checklist.md
│   ├── Conditional-Records-Checklist.md
│   ├── Best-Practice-Records-Checklist.md
│   ├── 2026-Requirements.md
│   ├── Policy-Inventory.md
│   ├── Legal-Authority-Reference.md
├── 03-Gap-Analysis/
│   ├── Dashboard.md (Dataview queries)
│   ├── Critical-Gaps.md
│   ├── I-9-Audit-Results.md
│   ├── Policy-Gaps.md
├── 04-Information-Silos/
│   ├── Silo-Map.md
│   ├── [Location].md
├── 05-Daily-Progress/
│   ├── Day-02.md through Day-10.md
├── 06-Final-Report/
│   ├── Executive-Summary.md
│   ├── Remediation-Plan.md

```

AI Strategy:

Use Case	Tool	Data Handling
Non-Confidential Analysis	Cloud AI (ChatGPT, Claude)	Job descriptions, policy review, checklist validation, general questions
Confidential Analysis	Local Ollama (Llama 3.2 or Mistral)	Medical record categorization, I-9 error detection, FMLA/ADA documentation analysis
Document Classification	Local OCR + Ollama	Automatic document type identification from scans
Gap Analysis	Obsidian Dataview + AI	Pattern recognition in missing documents across departments
Policy Compliance Check	Cloud AI + Legal Citations	Compare existing policies against statutory requirements

Scanning Workflow:

Equipment: High-speed scanner with automatic document feeder (if unavailable, use mobile scanning app with batch processing)

Naming Convention: [LastName_FirstName]_[DocumentType]_[Date].pdf

Example: Smith_Jane_OfferLetter_2023-01-15.pdf

Quality Standards:

- 300 DPI minimum for OCR readability
- PDF/A format for long-term retention compliance
- Batch processing with quality control spot-checks (10% sample)

Processing Rate Target: 20-25 files per day (Administrative Assistant + Human Resources combined)

JUSTIFICATION: DIGITIZATION vs. MANUAL REVIEW

Why Scanning is Essential for 10-Day Timeline:

Factor	Manual Review (Paper Only)	Digitization + AI Analysis
Time per File	1-1.5 hours (industry standard) [2-1]	20-30 minutes (60-70% reduction)
Total Time (50 employees)	50-75 hours (9-14 days at 8hr/day)	17-25 hours (2-3 days)
Error Rate	High (human fatigue, missed documents)	Low (AI consistency, automated checklists)
Gap Analysis	Manual spreadsheet tracking	Automated Obsidian Dataview queries
I-9 Compliance Check	Line-by-line visual inspection	AI pattern recognition for 50+ error types
Searchability	Physical file retrieval required	Instant full-text search across all files
Audit Trail	Manual notes	Timestamped digital records
Future Maintenance	Ongoing paper filing burden	Digital system ready for ongoing compliance

Risk of Manual-Only Approach: With 1-1.5 hours per file standard, a manual audit of 50 employees would require 50-75 hours, **exceeding the 10-day deadline** (80 working hours).

Digitization is not optional—it is required to meet the Controller's timeline.

Additional Benefits:

- Enables use of AI for pattern detection (e.g., "All 2020 hires missing harassment training certificates")
 - Creates searchable archive for future audits and regulatory inspections
 - Reduces compliance risk: digitized I-9s have **93% fewer errors** than paper systems^[3-1]
 - Establishes foundation for California SB 513 compliance (training records in personnel files effective 1/1/2026)
-

DAY-BY-DAY PLAYBOOK

Day 2: Infrastructure & Employee Roster Reconciliation

Date: December 20, 2025 (Today - Afternoon)

Objectives:

1. Establish Gusto roster as audit universe
2. Create Obsidian vault structure
3. Initiate physical file location mapping
4. Develop scanning workflow and quality control protocols
5. Begin policy inventory

Tasks:

Human Resources (4 hours):

- Export complete employee roster from Gusto (name, employee ID, hire date, department, position, status)
- Cross-reference Gusto roster against:
 - Payroll reports (identify any employees paid outside Gusto)
 - Benefits enrollment (identify discrepancies)
 - Organizational chart (identify contractors or consultants incorrectly included)
 - Recent terminations (exclude from active audit scope)
- **Identify employees outside Gusto:** Check for independent contractors paid via 1099, board members, executives with separate payroll systems, employees in acquisition/integration, seasonal workers on alternative systems
- Set up Obsidian vault with folder structure and install community plugins

- Create employee audit note template with embedded checklists (using Templater)
- Configure Dataview queries for gap analysis dashboard
- Create initial policy inventory list (identify all existing written policies in handbook, standalone documents, email communications)

Administrative Assistant (4 hours):

- Conduct physical search for all personnel files (HR office, file rooms, departmental storage, off-site storage)
- Create inventory log: Employee name, file location, physical condition, estimated page count
- Photograph or diagram location of information silos
- Set up scanning station: test equipment, configure settings (300 DPI, PDF/A), batch processing workflow

Deliverables:

- **Active Employee Roster** (CSV/Excel): Verified against Gusto, reconciled with other systems
 - **Employees Outside Gusto List**: Documented with rationale (contractor, alternative payroll, etc.)
 - **Obsidian Vault**: Operational with all plugins configured, template system functional
 - **Physical File Inventory**: Complete list with locations
 - **Information Silo Map**: Visual diagram of file storage locations
 - **Scanning Workflow SOP**: Equipment tested, quality standards documented
 - **Policy Inventory (Preliminary)**: List of all existing policies identified
-

Day 3: Compliance Framework & Pilot Digitization

Date: December 23, 2025

Objectives:

1. Finalize required document checklists in Obsidian
2. Complete policy inventory and currency assessment
3. Execute pilot scanning and AI analysis on 5 sample files
4. Identify typical compliance gaps and refine workflow
5. Establish I-9 separation protocol

Tasks:

Human Resources (6 hours):

- Input comprehensive checklists into Obsidian (Appendices A-D: Required, Conditional, Best Practice, 2026 Requirements)
- **Complete policy inventory:**
 - Review each existing policy for currency (last update date)
 - Compare against Tier 1 Required Policies list (identify missing critical policies)
 - Flag policies requiring updates (e.g., CFRA expansion, SB 616 sick leave increase)
 - Document policies lacking employee acknowledgments
- Configure AI prompts for local Ollama: I-9 error detection, FMLA certification validation, ADA accommodation compliance, policy compliance checking
- Select 5 diverse employee files for pilot (varying hire dates, positions, departments)
- Pre-screen pilot files for confidential documents
- Scan confidential documents separately
- Run AI analysis on pilot files using local Ollama
- Document typical gaps and compliance issues
- Separate all I-9 forms from general files (physical and digital) into consolidated I-9 file per USCIS M-274 guidance
- Create dedicated confidential medical file storage (locked cabinet + encrypted digital folder)

Administrative Assistant (6 hours):

- Scan non-confidential portions of 5 pilot files following SOP
- Test OCR quality and readability
- Time each file's scanning process to validate processing rate estimates
- Create quality control log: track scan quality issues, missing pages, illegible documents
- Organize physical files: "To Scan" → "Scanned - QC Pending" → "Complete - Re-file" staging areas
- Gather copies of all existing policy documents for Human Resources review

Deliverables:

- **Compliance Checklists in Obsidian:** All required, conditional, best practice, and 2026 requirements documented with legal citations
- **Policy Inventory Matrix:** All existing policies with last update date, distribution status, currency assessment
- **Missing Required Policies List:** Critical Tier 1 policy gaps identified
- **5 Pilot Files Digitized:** Complete scan, AI analysis, gap identification
- **Pilot Audit Results:** Typical compliance gaps identified, time-per-file metrics confirmed

- **I-9 Consolidated File Established:** All I-9s physically and digitally separated per 8 CFR § 274a.2
 - **Confidential File Protocols:** Secure storage established, access controls implemented
 - **Workflow Refinements:** Adjustments based on pilot lessons learned
-

Day 4: Full-Scale Digitization - Phase 1 (40%)

Date: December 24, 2025 (*Note: Confirm office hours/availability*)

Objectives:

1. Digitize 40% of active employee files (~20 files if 50 total)
2. Begin systematic gap analysis in Obsidian
3. Continue policy acknowledgment verification
4. Maintain strict confidentiality protocols

Tasks:

Human Resources (6 hours):

- Pre-screen next 20 files for confidential documents (10 min/file = 3.5 hours)
- Scan confidential documents separately (medical, investigative, sensitive I-9 documentation)
- Conduct AI-assisted compliance review using local Ollama for confidential data
- Create individual employee audit notes in Obsidian with checklist completion status
- Tag files with compliance status: `#complete`, `#tier1-missing`, `#tier2-missing`, `#tier3-missing`
- Spot-check Administrative Assistant's scanning quality (10% sample)
- **Policy acknowledgment verification:** Cross-reference handbook acknowledgments, at-will acknowledgments, harassment training certificates for first 20 employees

Administrative Assistant (6 hours):

- Scan non-confidential documents for 20 employee files following established workflow
- Apply strict file naming conventions
- Maintain scanning log: files completed, page counts, time tracking, quality issues
- Flag files with urgent red flags for Human Resources review (completely missing files, extensively damaged documents)

Deliverables:

- **40% of Files Digitized:** ~20 employee files scanned, categorized, uploaded to secure storage
- **Obsidian Employee Notes:** Individual audit pages created with gap analysis for 20 employees
- **Compliance Gap Log (Preliminary):** Initial identification of critical gaps (Tier 1 missing documents)
- **Policy Acknowledgment Status (20 employees):** Handbook, at-will, harassment training verification
- **Quality Control Report:** Scanning quality metrics, error rates

Progress Metric: 40% audit completion

Day 5: Full-Scale Digitization - Phase 2 (Additional 40%, Cumulative 80%)

Date: December 26, 2025

Objectives:

1. Digitize additional 40% of files (cumulative 80% complete)
2. Continue systematic Obsidian gap analysis
3. Complete policy acknowledgment verification for all employees
4. Begin preliminary remediation planning for critical gaps

Tasks:

Human Resources (6 hours):

- Pre-screen next 20 files for confidential documents
- Scan and analyze confidential materials using local Ollama
- Create Obsidian audit notes for additional 20 employees
- **Complete policy acknowledgment verification for all 50 employees:**
 - Handbook acknowledgment status
 - At-will employment acknowledgment status
 - Harassment prevention training certificate status
 - Other critical acknowledgments (FMLA notice if applicable, lactation accommodation if applicable)
- Begin compiling **Critical Gaps List** (Tier 1 deficiencies requiring immediate remediation):
 - Missing I-9 forms (violation risk: \$281-\$2,789/form per 8 CFR § 274a.10)

- Missing harassment prevention training certificates (Cal. Gov. Code § 12950.1 requirement)
- FMLA medical certifications in general file instead of separate confidential file (29 CFR § 825.500(g) violation)
- Missing ADA accommodation documentation or stored improperly
- Missing at-will acknowledgments (wrongful termination litigation exposure)
- Missing required policy acknowledgments
- Update Obsidian dashboard with cumulative compliance metrics

Administrative Assistant (6 hours):

- Scan non-confidential documents for additional 20 files
- Continue quality control logging
- Begin organizing physical files for re-filing or secure storage
- Create index of physical file locations for post-audit retrieval

Deliverables:

- **80% of Files Digitized:** Cumulative 40 employee files complete
- **Obsidian Audit Notes:** 40 employee pages with gap analysis
- **Policy Acknowledgment Matrix (Complete):** All 50 employees - handbook, at-will, training status
- **Critical Gaps List (Draft):** Tier 1 deficiencies prioritized by legal risk
- **Policy Gaps Identified:** Missing required policies, outdated policies, policies lacking acknowledgments
- **Compliance Metrics Dashboard:** Obsidian Dataview dashboard showing % files with Tier 1/2/3 gaps

Progress Metric: 80% audit completion

Day 6: Digitization Completion & Comprehensive Analysis

Date: December 27, 2025

Objectives:

1. Complete digitization of remaining 20% of files (100% digitized)
2. Finalize Obsidian graph relationships and compliance mapping
3. Conduct comprehensive I-9 audit using AI error detection
4. Complete policy compliance assessment

Tasks:

Human Resources (7 hours):

- Pre-screen and scan final 10 files (including confidential materials)
- Complete Obsidian audit notes for all employees
- **Comprehensive I-9 audit using local Ollama:**
 - Check for 50+ common I-9 errors per USCIS guidance:
 - Section 1 timing violations (not completed on/before first day of work)
 - Section 2 timing violations (not completed within 3 business days)
 - Missing employee signature/date
 - Missing employer signature/date
 - Missing document verification
 - Incorrect citizenship/immigration status attestations
 - Preparer/translator errors
 - Missing reverification (expired work authorization)
 - Identify substantive violations vs. technical/procedural errors
 - Calculate potential penalty exposure per 8 CFR § 274a.10
- **Policy compliance assessment:**
 - Compare existing policies against Tier 1 Required Policies (Appendix - Policy Inventory)
 - Identify policies requiring updates for current legal compliance
 - Document policies missing employee acknowledgments
 - Flag 2026 compliance preparation needs (SB 294, SB 513, AB 692)
- Use Obsidian Graph Analysis plugin to visualize:
 - Relationships between departments and compliance gaps
 - Patterns in missing documents by hire date, manager, or onboarding period
 - Correlation between information silos and missing documentation
 - Policy acknowledgment gaps by department/hire cohort
- Generate preliminary compliance statistics:
 - % files with all Tier 1 documents
 - % files with proper file separation (medical/I-9/investigative)
 - % I-9 forms with errors (by error type)
 - % employees with all required policy acknowledgments
 - Most common missing documents across workforce

Administrative Assistant (6 hours):

- Scan remaining non-confidential documents for final 10 files

- Complete physical file re-organization and indexing
- Create final scanning log summary: total files scanned, total pages, average time per file, quality control metrics
- Organize all existing policy documents chronologically (to support currency assessment)
- Clean and organize workspace

Deliverables:

- **100% of Files Digitized:** All active employee files scanned and categorized
- **I-9 Audit Report (Preliminary):** Error identification by type, penalty exposure calculation, prioritized remediation list
- **Policy Compliance Assessment (Complete):** Existing policies vs. required policies matrix, currency assessment, acknowledgment gaps
- **Obsidian Relationship Map:** Visual graph showing compliance gaps by department, hire period, manager, policy acknowledgment status
- **Compliance Statistics (Preliminary):** Quantified gap analysis across all employees and policies

Progress Metric: 100% audit completion

Day 7: Gap Analysis Deep Dive & Remediation Planning

Date: December 28, 2025 (Saturday - if available)

Objectives:

1. Conduct comprehensive gap analysis across all employees and policies
2. Categorize gaps by priority and legal risk
3. Develop detailed remediation action plan
4. Identify systemic vs. individual compliance issues

Tasks:

Human Resources (8 hours):

- Use Obsidian Dataview queries to generate comprehensive gap reports:
 - **Personnel File Gaps:**
 - Tier 1 Gaps by Employee: Critical deficiencies requiring immediate action
 - Tier 2 Gaps by Category: Important documents missing across multiple employees

- Tier 3 Gaps Summary: Best practice recommendations
- 2026 Readiness Assessment: Training record compliance for SB 513 effective 1/1/2026
- **Policy Gaps:**
 - Missing Required Policies (Tier 1): Critical legal compliance gaps
 - Outdated Policies: Requiring updates for current law
 - Missing Acknowledgments: Employees lacking policy acknowledgments
 - 2026 Policy Requirements: SB 294, AB 692 compliance preparation
- Analyze patterns using Obsidian Graph Analysis:
 - Systemic issues: "No employee has [document X]" indicates policy/process gap
 - Individual issues: "Employee Y missing multiple documents" indicates incomplete onboarding
 - Department-specific issues: "All [Department] employees missing [document]"
 - Policy distribution gaps: Certain hire cohorts missing acknowledgments
- Draft **90-Day Remediation Action Plan** with three phases:
 - **IMMEDIATE (Days 1-30) - Critical Tier 1 Gaps:**
 - I-9 corrections and technical compliance
 - Medical file separation (FMLA, ADA files)
 - Missing at-will acknowledgments (obtain signed forms)
 - Missing harassment training certificates (schedule mandatory training)
 - Missing required policy acknowledgments (distribute and obtain signatures)
 - Missing required policies (draft and implement critical policies)
 - **SHORT-TERM (Days 31-60) - Important Tier 2 Gaps:**
 - Training records documentation (prepare for SB 513)
 - Performance documentation completion
 - Policy updates for current compliance (CFRA, sick leave, etc.)
 - Background check documentation
 - Benefits enrollment documentation
 - **MEDIUM-TERM (Days 61-90) - Best Practice & 2026 Preparation:**
 - Tier 3 best practice implementation
 - SB 294 Workplace Know Your Rights notice preparation (2/1/2026 deadline)
 - Emergency contact designation process (3/30/2026 deadline)
 - SB 513 training documentation process implementation (1/1/2026 effective)
 - AB 692 stay-or-pay agreement review and revision
- Calculate compliance improvement metrics: % improvement if remediation plan executed
- Identify policy/process recommendations:
 - New hire onboarding checklist (all required documents/acknowledgments)

- Annual audit protocols (quarterly spot-checks recommended)
- Digital-first personnel file management
- Policy review and update schedule (annual review minimum)
- Training documentation process (SB 513 compliance)
- 2026 compliance implementation timeline

Administrative Assistant (Not Required - Weekend):

Deliverables:

- **Comprehensive Gap Analysis Report:** All personnel file and policy deficiencies categorized and quantified
 - **Systemic Issues Identification:** Policy and process gaps requiring organizational change
 - **90-Day Remediation Action Plan:** Prioritized tasks with timelines, responsible parties, resources required (personnel files and policies)
 - **Compliance Improvement Projections:** Quantified impact of remediation efforts
 - **2026 Compliance Roadmap:** SB 294, SB 513, AB 692 implementation timeline
-

Day 8: Final Report Drafting

Date: December 30, 2025

Objectives:

1. Draft comprehensive final audit report for Controller
2. Create executive summary with key findings and recommendations
3. Develop visual compliance dashboards
4. Prepare supporting documentation

Tasks:

Human Resources (8 hours):

- Draft **Final Audit Report** with following sections:

1. Executive Summary

- Project scope, timeline, methodology
- Key findings (personnel files and policies)
- Critical risks and penalty exposure

- Recommendations and next steps

2. Methodology

- Technology approach (Obsidian, AI, digitization)
- Confidentiality protocols and legal compliance
- Industry benchmarks comparison (10 days vs. 2-6 months standard)

3. Audit Universe

- Gusto roster reconciliation
- Employees outside Gusto (if any)
- Total files audited
- Policy inventory scope

4. Personnel File Compliance Findings by Category

- I-9 Compliance (error rates by type, penalty exposure, violations per 8 CFR § 274a.2)
- Medical File Separation (FMLA per 29 CFR § 825.500(g), ADA per 42 USC § 12112(d) (3)(B), workers' comp, fitness-for-duty)
- Required Documentation (Tier 1 gaps by document type with legal citations)
- California-Specific Compliance (SB 513, SB 553, SB 807, SB 294)
- Training Records (harassment prevention per Cal. Gov. Code § 12950.1, safety, job-specific)
- File Organization & Retention (information silos, storage conditions, retention per Cal. Gov. Code § 12946)

5. Policy Compliance Findings

- Missing Required Policies (Tier 1 with legal citations)
- Outdated Policies (requiring updates for current law)
- Policy Acknowledgment Gaps (% employees missing acknowledgments)
- 2026 Policy Compliance Preparation (SB 294, AB 692)

6. Quantified Metrics

- **Personnel Files:**

- % files with all critical (Tier 1) documents
- % files with proper file separation
- % I-9 forms compliant (by error type)
- % compliance with SB 513 training records (2026 readiness)
- % compliance with 4-year retention (SB 807)

- Most common missing documents (ranked by frequency)

- **Policies:**

- % of required policies (Tier 1) in place
- % of employees with all required policy acknowledgments
- % of policies current/compliant with law
- 2026 compliance readiness score

7. Risk Assessment

- Regulatory exposure (I-9 penalties, FMLA violations, ADA violations, wage/hour violations)
- Penalty calculations (quantified where possible)
- Litigation vulnerabilities (wrongful termination, discrimination, harassment)
- Policy compliance risks

8. Remediation Roadmap

- 90-day action plan (Immediate/Short-term/Medium-term)
- Specific tasks with owners and deadlines
- Resource requirements (HR time, legal consultation, training budget)
- 2026 compliance implementation timeline

9. Systemic Recommendations

- Policy updates and creation (required policies, policy modernization)
- Process improvements (onboarding checklist, file management, retention protocols)
- Digital transformation (ongoing digitization, HRIS consideration)
- Ongoing compliance protocols (quarterly spot-checks, annual comprehensive audit, policy review schedule)

10. Appendices

- Appendix A: Required Records Checklist (Tier 1)
- Appendix B: Conditional Records Checklist (Tier 2)
- Appendix C: Best Practice Records Checklist (Tier 3)
- Appendix D: 2026 Requirements Checklist
- Appendix E: Policy Inventory Matrix
- Appendix F: Legal Citations and Authority
- Appendix G: Obsidian Methodology and Technology Stack
- Appendix H: Confidentiality Protocols and Access Restrictions
- Create visual dashboards using Obsidian Charts:

- Personnel file compliance rate by document category (bar chart)
- Gap distribution by employee/department (heat map)
- I-9 error types (pie chart)
- Policy acknowledgment rates (bar chart)
- Compliance improvement projections (line graph)
- 2026 readiness assessment (gauge chart)
- Export key Obsidian data to Excel/PDF for Controller review

Administrative Assistant (4 hours):

- Format report documents for professional presentation
- Create table of contents, page numbers, headers/footers
- Compile supporting documentation into organized appendices
- Proofread for clarity and consistency
- Create executive summary presentation slides

Deliverables:

- **Final Audit Report (Complete Draft):** Comprehensive documentation of personnel file and policy findings, risks, and recommendations
 - **Executive Summary (1-2 pages):** High-level overview for Controller decision-making
 - **Visual Compliance Dashboards:** Charts and graphs illustrating key metrics (personnel files and policies)
 - **Supporting Documentation:** Appendices with checklists, policy inventory, legal references, methodology
-

Day 9: Quality Control & Stakeholder Preparation

Date: December 31, 2025

Objectives:

1. Conduct final quality control review of all audit deliverables
2. Prepare presentation materials for Controller
3. Validate all data and compliance determinations
4. Finalize Obsidian vault for ongoing use

Tasks:

Human Resources (6 hours):

- Review final report for accuracy, completeness, and clarity
- Validate all compliance determinations against legal authorities (double-check citations)
- Cross-reference quantified metrics against source data in Obsidian
- Prepare 15-minute presentation for Controller:
 - **Slide 1:** Project overview (scope, timeline, methodology)
 - **Slide 2:** Key personnel file findings (critical gaps, I-9 issues, systemic problems)
 - **Slide 3:** Key policy findings (missing policies, outdated policies, acknowledgment gaps)
 - **Slide 4:** Risk assessment (penalty exposure, litigation vulnerabilities)
 - **Slide 5:** Compliance metrics (visual dashboards - personnel files and policies)
 - **Slide 6:** Remediation roadmap (90-day plan with 2026 preparation)
 - **Slide 7:** Recommendations (policy updates, process improvements, digital transformation, ongoing protocols)
 - **Slide 8:** Next steps and resource requirements
- Finalize Obsidian vault documentation:
 - User guide for ongoing vault maintenance
 - Dataview query templates for future audits (personnel files and policies)
 - Annual audit protocol (recommend quarterly spot-checks, annual comprehensive review)
 - Policy review schedule (annual minimum; triggered updates for legal changes)
- Create **Quick Reference Guide** for Controller: one-page summary of critical gaps and immediate actions required

Administrative Assistant (4 hours):

- Final proofreading of report
- Format presentation slides
- Organize physical files for secure archival storage or re-filing
- Create physical file location index for future retrieval
- Compile all policy documents (existing and templates for missing policies) into organized binder

Deliverables:

- **Final Audit Report (Quality-Controlled):** Validated, accurate, ready for delivery
- **Controller Presentation:** Slide deck with key findings and recommendations (personnel files and policies)
- **Quick Reference Guide:** One-page critical summary (personnel and policy gaps)
- **Obsidian Vault Documentation:** User guide and maintenance protocols

- **Physical File Organization Complete:** Archival storage or re-filing with index
 - **Policy Document Compilation:** Existing policies organized; templates for missing policies prepared
-

Day 10: Project Closeout & Delivery

Date: January 3, 2026

Objectives:

1. Deliver final report and presentation to Controller
2. Conduct knowledge transfer and training (if applicable)
3. Archive all project documentation
4. Establish ongoing compliance maintenance protocols

Tasks:

Human Resources (4 hours):

- **Presentation to Controller** (30-45 minutes):
 - Walk through key personnel file findings, policy findings, risks, and recommendations
 - Answer questions and clarify compliance requirements
 - Discuss resource needs for remediation plan execution
 - Obtain approval for next steps (immediate remediation priorities)
- Conduct brief Obsidian vault training (if Controller or other stakeholders will access):
 - How to navigate employee audit notes
 - How to run DataView queries for compliance reports (personnel files and policies)
 - How to update vault as new employees added, records completed, or policies updated
- Archive all project documentation:
 - Save final report and presentation to secure shared drive
 - Export Obsidian vault backup (encrypted)
 - Document all AI prompts and analysis methodologies for repeatability
 - Create project closeout summary: objectives achieved, timeline adherence, lessons learned
- Schedule 30-day and 90-day follow-up meetings to track remediation progress
- Prepare handoff materials for ongoing compliance maintenance:
 - New hire onboarding checklist (all required documents and policy acknowledgments)
 - Policy review and update schedule
 - Training documentation process (SB 513 compliance beginning 1/1/2026)

- 2026 compliance calendar (SB 294 notice 2/1/2026; emergency contact 3/30/2026)

Administrative Assistant (2 hours):

- Distribute final report to Controller (physical and digital copies)
- File all project documentation in central HR records
- Return any borrowed equipment or supplies
- Complete final administrative closeout tasks

Deliverables:

- **Final Presentation Delivered:** Controller briefing completed with Q&A
 - **Final Report Distributed:** Official document delivered in required format
 - **Training Completed** (if applicable): Stakeholders trained on Obsidian vault access
 - **All Documentation Archived:** Secure, organized repository for future reference
 - **Follow-Up Schedule Established:** 30-day and 90-day checkpoints calendared
 - **Ongoing Compliance Protocols:** New hire checklist, policy review schedule, 2026 compliance calendar
 - **Project Closeout Report:** Summary of completion status, timeline adherence, outcomes
-

APPENDIX A: REQUIRED RECORDS CHECKLIST (TIER 1 - CRITICAL)

These documents are legally mandated. Absence constitutes a compliance violation with potential penalties.

Document	Legal Authority	Retention Period	File Location	Notes
Form I-9 (Employment Eligibility Verification)	8 USC § 1324a(b); 8 CFR § 274a.2 ^[13-1]	3 years from hire OR 1 year from separation, whichever later	SEPARATE I-9 FILE (not general personnel file per USCIS M-274)	Penalties: \$281-\$2,789/ for paperwork violations per CFR § 274a. ^[1] ; Section 1 must be completed on/before first day; Section 2 within 3 business days
W-4 (Federal Tax Withholding)	26 IRC § 3402; IRS Topic 753 ^[51]	4 years	General personnel file	Obtain new W-4 annually from exempt employees by 15
DE-4 (California Tax Withholding)	California Revenue & Tax Code ^[52]	4 years	General personnel file	California equivalent of
Payroll Records	29 USC § 215 (FLSA) ^[39-1] ; Cal. Lab. Code § 1174 ^[11-3] ; 29 CFR § 516 ^[41-1]	3 years federal; 4 years CA recommended	Payroll system/file	Must include: name, SSN, address, occupation, pay rates, hours worked, wages paid, deductions per 29 CFR § 516.2
Wage Statements (Pay Stubs)	Cal. Lab. Code § 226 ^[11-4]	3 years	Payroll file	Must show 9 items per § 226(a): gross wages, hours worked, deductions, sick leave balance. Penalties: \$50-\$100/violation up to \$4,000/employee

Document	Legal Authority	Retention Period	File Location	Notes
Job Description	FLSA exempt/non-exempt classification; ADA accommodation baseline	Duration of employment + 4 years	General personnel file	Required for defending ex-classification ADA determination per 42 USC § 12111
Offer Letter/Employment Agreement	Contract law; FLSA; Cal. Lab. Code	4 years per SB 807 [4-2]	General personnel file	Must establish will status until contract specifies otherwise
At-Will Employment Acknowledgment	Cal. Lab. Code § 2922 [22-1]; California common law	Duration of employment + 4 years	General personnel file	CRITICAL for litigation defense against wrong termination claim
Handbook Acknowledgment	Cal. Lab. Code § 1198.5 [10-1]	4 years per SB 807 [4-3]	General personnel file	Proves employee received policy update annually
Anti-Harassment Policy Acknowledgment	Cal. Gov. Code § 12950 [16-2]; FEHA	4 years per SB 807	General personnel file	Required as part of harassment prevention program
Sexual Harassment Prevention Training Certificate	Cal. Gov. Code § 12950.1 (SB 1343) [17-1]	4 years per § 12950.1(a)(4)	General personnel file	Mandatory for employee companies: 1 hour supervisory/1 hour non-supervisory every 2 years; new employees within 6 months of hire
Emergency Contact Information	Workplace safety; SB 294 Cal. Lab. Code § 2810.3(b) [49-1]	Duration of employment	General personnel file	SB 294 requires emergency contact designation by 3/30/2026; employer must notify if employee arrested/detail at worksite

Document	Legal Authority	Retention Period	File Location	Notes
Direct Deposit Authorization	Payroll compliance	4 years	General personnel file	Documents method of wa payment
Time Records/Attendance Logs	29 USC § 215 (FLSA); Cal. Lab. Code § 1174; 29 CFR § 516.6 [39-2][11-5] [41-2]	3 years federal; 4 years CA	Payroll/personnel file	Must show hours worked each day and week; employee rights inspect per C Lab. Code §
Performance Reviews	Cal. Gov. Code § 12946 (SB 807) [4-4]; Title VII defense	4 years from date created	General personnel file	Required for defending discipline, termination, promotion decisions; retain positive AND negative reviews
Disciplinary Records/Written Warnings	Cal. Gov. Code § 12946 (SB 807) [4-5]; progressive discipline defense	4 years from date created	General personnel file	Critical for defending terminations; establishing progressive discipline

APPENDIX B: CONDITIONAL/INCIDENTAL RECORDS CHECKLIST (TIER 2 - AS APPLICABLE)

These documents are required IF the circumstance applies to the employee. Not all employees will have these records, but when applicable, they are legally mandated.

Document	When Required	Legal Authority	Retention Period	File Location
FMLA Medical Certification (DOL WH-380-E/F)	If employee takes FMLA leave	29 USC § 2601; 29 CFR § 825.500 [28-1][8-2]	3 years	SEPARATE CONFIDENTIAL MEDICAL files per 29 CFR 825.500(g)

Document	When Required	Legal Authority	Retention Period	File Location
FMLA Eligibility Notice (WH-382)	If employee FMLA-eligible (1 year tenure, 1,250 hours, 50+ employees within 75 miles)	29 USC § 2601; 29 CFR § 825.300 [28-2][30-1]	3 years	General or medical file contains med info, must be confidential
FMLA Rights & Responsibilities Notice (WH-381)	If employee requests FMLA	29 CFR § 825.300(b) [30-2]	3 years	General or medical file
FMLA Leave Tracking Records	If employee uses FMLA	29 CFR § 825.500(c) [8-3]	3 years	General personnel file
California Family Rights Act (CFRA) Records	If employee takes CFRA leave (5+ employees; parallel to FMLA in CA)	Cal. Gov. Code §§ 12945.1-12945.2 [29-1]	3 years (4 years recommended)	Separate confidential medical file medical info
Pregnancy Disability Leave (PDL) Records	If employee takes PDL	Cal. Gov. Code § 12945 [53]	3-4 years	Separate confidential medical file
ADA Reasonable Accommodation Request	If employee requests accommodation for disability	42 USC § 12112(d); 29 CFR § 1630.14 [31-1][32-1]	1 year minimum federal; 4 years CA recommended	SEPARATE CONFIDENTIAL MEDICAL FILE per 42 USC 12112(d)(3)

Document	When Required	Legal Authority	Retention Period	File Location
ADA Interactive Process Documentation	If accommodation requested	42 USC § 12112(d); 29 CFR § 1630.2(o) [31-2][32-2]	4 years	Separate confidential medical file
Medical Evaluations/Fitness-for-Duty Exams	If job-related medical exam required	42 USC § 12112(d) (4) (ADA); Cal. Gov. Code § 12955.3 [31-3]	1 year minimum; 4 years recommended	SEPARATE CONFIDENTIAL MEDICAL FILE
Drug/Alcohol Test Results	If testing conducted	FLSA/state law; DOT if applicable	3 years general; 5 years federal contractors	SEPARATE CONFIDENTIAL MEDICAL FILE
Workers' Compensation Claim Documentation	If employee files workers' comp claim	Cal. Lab. Code §§ 5000-6414; 8 CCR § 15400.2 [27-1]	5 years from date of injury or last compensation, whichever later	Separate workers' compensation file
Workplace Violence Incident Reports (SB 553)	If violent incident occurs	Cal. Lab. Code § 6401.9 (effective 7/1/2024) [6-2]	5 years	OSHA/safe workplace file
Harassment/Discrimination Complaint & Investigation File	If complaint filed	Cal. Gov. Code § 12965 (FEHA);	Until final disposition; 4 years	SEPARATE CONFIDENTIAL INVESTIGATION FILE

Document	When Required	Legal Authority	Retention Period	File Location
		Title VII [14-6][15-4]	minimum per SB 807	
Background Check Report	If background check conducted	FCRA 15 USC § 1681; Cal. Civ. Code § 1786 [54]	5 years if adverse action; 2 years CA minimum	General personnel files (non-medical confidential (medical info))
GINA Genetic Information	If inadvertently obtained (employer may NOT request)	42 USC § 2000ff; 29 CFR § 1635.9 [12-1]	1 year minimum; longer if FMLA/ADA applies	SEPARATE CONFIDENTIAL MEDICAL INFORMATION per 42 USC 2000ff-5(a)
Paid Sick Leave Records	All CA employees (mandatory)	Cal. Lab. Code §§ 246-246.5 (SB 616) [26-1]	3 years	Payroll/personnel file

APPENDIX C: BEST PRACTICE RECORDS CHECKLIST (TIER 3 - RECOMMENDED)

These documents are not legally required but strongly recommended for litigation defense, operational excellence, and risk mitigation.

Document	Purpose	Recommended Retention	Value/Benefit
Employment Application	Hiring decision documentation, EEO defense	4 years per SB 807	Documents qualifications, selection criteria
Interview Notes/Scoresheets	Hiring decision rationale	4 years per SB 807	Establishes objective selection criteria; defends against disparate treatment claims
Reference Check Documentation	Diligent hiring defense	2-3 years	Verifies employment history; reduces negligent hiring liability
Skills Assessments/Testing	Job-related selection, ADA defense	3 years per ADEA; 4 years CA	Validates testing; defends accommodation denials
Attendance Records	Discipline defense, FMLA abuse prevention	4 years	Defends attendance-based discipline/termination
Commendation Documentation	Complete performance record	3-4 years	Creates balanced record; defends against discriminatory treatment claims
Equipment Return Records	Accountability, trade secret protection	2-3 years post-termination	Establishes return of company property
Confidentiality/NDA	IP protection, trade secret defense	Indefinitely or 3-7 years	Establishes confidentiality obligations
Benefits Enrollment Forms	Plan administration, ERISA compliance	6 years per ERISA	Documents elections, beneficiary designations
COBRA Notices & Elections	COBRA compliance	6 years per ERISA	Proves notice provided; documents election
Performance Improvement Plans	Progressive discipline,	4 years	Establishes performance deficiencies; critical for

Document	Purpose	Recommended Retention	Value/Benefit
	termination defense		defending performance-based terminations
Training Records (Beyond Required)	Skill development	4 years; WILL BE REQUIRED in personnel file per SB 513 effective 1/1/2026 ^[5-2]	Documents development; MANDATORY after 1/1/2026
Exit Interview Records	Turnover analysis, litigation early warning	4 years	Documents reasons for leaving; identifies systemic issues

APPENDIX D: 2026 REQUIREMENTS CHECKLIST (FUTURE COMPLIANCE)

These requirements take effect in 2026. Begin preparation now to ensure compliance.

Requirement	Effective Date	Legal Authority	Action Required	Deadline
Training/Education Records in Personnel File	January 1, 2026	Cal. Lab. Code § 1198.5 (SB 513) ^[5-3]	Include in personnel files: employee name, training provider name, duration/date, core competencies, resulting certification. Employees may request copies within 30 days. Penalties: \$750/violation/employee/request	Now: Begin documenting all training SB 513 requirements (5 elements)
SB 294 Workplace Rights Notice	February 1, 2026	Cal. Lab. Code § 2810.3 (SB 294) ^[49-2]	Provide annual notice to all employees covering: workers' comp benefits, immigration protections, right to organize, constitutional rights with law enforcement. Must retain 3-year records of notice delivery. Penalties: up to \$500/employee for failure to provide notice	By 2/1/2026 Deliver notice to all current employees using Labor Commission template (available 1/1/2026)

Requirement	Effective Date	Legal Authority	Action Required	Deadline
SB 294 Emergency Contact Designation	March 30, 2026	Cal. Lab. Code § 2810.3(b) (SB 294) [49-3]	Provide employees opportunity to designate emergency contact by 3/30/2026. If employee arrested/detained at worksite, must notify designated contact. Penalties: up to \$10,000/employee for failure to notify	By 3/30/20 Obtain emergency contact designation from all employees document in personnel file
AB 692 Stay-or-Pay Restrictions	January 1, 2026	Cal. Lab. Code § 2802.1 (AB 692) [50-1]	New restrictions on employer-mandated training repayment agreements. Existing agreements may be unenforceable. Review all employment agreements with training cost repayment clauses.	Q1 2026: Audit existing agreements; consult legal counsel; revise new hire agreements
Workplace Violence Plan Annual Update	Ongoing (plan required since 7/1/2024)	Cal. Lab. Code § 6401.7 (SB 553) [6-3]	Review and update plan annually and when new hazards identified. Maintain violent incident logs for 5 years.	Ongoing: Annual plan review; document updates; maintain logs

APPENDIX E: POLICY INVENTORY MATRIX

To be completed during Days 3-6 of audit. This matrix will track all existing policies, currency, and compliance status.

Policy Name	Tier	Legal Authority	Last Updated	Current/Compliant?	Employee Acknowledged Required?
Sexual Harassment, Discrimination, Retaliation Prevention	1	Cal. Gov. Code § 12940; FEHA	[Date]	[Yes/No/Needs Update]	Yes
Harassment Training Policy	1	Cal. Gov. Code §	[Date]	[Yes/No/Needs Update]	Certificate signed

Policy Name	Tier	Legal Authority	Last Updated	Current/Compliant?	Employee Acknowledged Required?
		12950.1			
Workplace Violence Prevention Plan	1	Cal. Lab. Code §§ 6401.7- 6401.9	[Date]	[Yes/No/Needs Update]	Training ack required
IIPP	1	Cal. Lab. Code § 6401.7; 8 CCR § 3203	[Date]	[Yes/No/Needs Update]	Training ack required
Investigation Procedures	1	Cal. Gov. Code §§ 12940, 12950	[Date]	[Yes/No/Needs Update]	Yes
Wage Theft Prevention Notices	1	Cal. Lab. Code § 2810.5	[Date]	[Yes/No/Needs Update]	Yes (signed receipt)
At-Will Employment	1	Cal. Lab. Code § 2922	[Date]	[Yes/No/Needs Update]	MANDATORY
Meal and Rest Break	1	Cal. Lab. Code §§ 512, 226.7	[Date]	[Yes/No/Needs Update]	Waivers req
Paid Sick Leave	1	Cal. Lab. Code §§ 246- 246.5	[Date]	[Yes/No/Needs Update - SB 616 5 days?]	Notice requ
Workers' Comp Information	1	Cal. Lab. Code §§ 3550, 3551	[Date]	[Yes/No/Needs Update]	Receipt recommend
FMLA/CFRA	1	29 USC § 2601; Cal. Gov. Code § 12945.1	[Date]	[Yes/No/Needs Update - CFRA 5+ employees?]	Handbook &
ADA Reasonable Accommodation	1	42 USC § 12101;	[Date]	[Yes/No/Needs Update]	Handbook & recommend

Policy Name	Tier	Legal Authority	Last Updated	Current/Compliant?	Employee Acknowledged Required?
		Cal. Gov. Code § 12940			
Workplace Safety and Health	1	Cal. Lab. Code § 6400 et seq.	[Date]	[Yes/No/Needs Update]	IIPP training
Anti-Retaliation/Whistleblower	1	Cal. Lab. Code §§ 1102.5, 98.6, 6310	[Date]	[Yes/No/Needs Update]	Handbook & recommend
Lactation Accommodation	1	Cal. Lab. Code § 1031; 29 USC § 207(r)	[Date]	[Yes/No/Needs Update]	Handbook &
Timekeeping and Overtime	1	29 USC § 201; Cal. Lab. Code §§ 510, 1174	[Date]	[Yes/No/Needs Update]	Handbook &
[Continue for all Tier 2 and Tier 3 policies...]					

(Full matrix to be populated during audit)

APPENDIX F: LEGAL CITATIONS AND AUTHORITY

RISK ASSESSMENT & PENALTY EXPOSURE

Highest-Risk Compliance Gaps:

Violation Category	Likelihood (Based on Industry Data)	Penalty Range	Legal Authority	Mitigation Priority
I-9 Errors	76% (industry standard for paper I-9s) ^[3-2]	\$281-\$2,789 per form (paperwork violations); \$2,789-\$27,894 per form (substantive violations - knowing hire of unauthorized worker)	8 CFR § 274a.10 ^[7-2]	CRITICAL - Immediate I-9 audit required
FMLA Medical Records in General File	High (common gap in organizations without HR legal expertise)	Private right of action; liquidated damages; attorney's fees; regulatory investigation	29 CFR § 825.500(g) ^[8-4]	CRITICAL - Immediate file separation required
Missing Harassment Training Certificates	High (5+ employee companies since 1/1/2019 requirement)	DFEH investigation; mandatory training order; reputational damage; litigation exposure if harassment occurs	Cal. Gov. Code § 12950.1 ^[17-2]	HIGH - Immediate training verification and remediation
Missing At-Will Acknowledgments	Moderate-High	No direct penalty, but catastrophic litigation exposure for wrongful termination claims (\$50K-\$500K+ settlements)	Cal. Lab. Code § 2922 ^[22-2]	HIGH - Obtain signed acknowledgments from all current employees

Violation Category	Likelihood (Based on Industry Data)	Penalty Range	Legal Authority	Mitigation Priority
SB 807 4-Year Retention Violations	Moderate (many organizations still operating on 3-year standard)	DFEH investigation; inability to defend discrimination claims; adverse inference in litigation	Cal. Gov. Code § 12946 ^[4-6]	MEDIUM - Update retention policy; extend retention periods
Missing Required Policies	Variable by policy	Regulatory investigation; inability to defend claims; statutory penalties for some policies	Various (see Policy Inventory)	HIGH - Create/update missing Tier 1 policies immediately

Estimated Penalty Exposure (Preliminary):

To be calculated after audit completion based on actual findings. Example calculation:

- I-9 Violations:** If 20 of 50 employees (40%) have I-9 errors at minimum penalty \$281/form = **\$5,620 exposure**
- FMLA Confidentiality Violations:** If 5 employees have FMLA records in general file = **Litigation exposure (incalculable but potentially significant)**
- Harassment Training Gaps:** If 30 employees missing certificates = **Regulatory investigation + mandatory remediation**
- Missing Required Policies:** If 5 critical policies missing/outdated = **Regulatory exposure + litigation vulnerability**

Total Quantifiable Exposure: To be determined in final report.

SUCCESS METRICS

The project will be considered successful if the following outcomes are achieved:

- 100% of active employee files audited** (per Gusto roster + identified outside-Gusto employees)

- 100% digitization completion** for AI-assisted analysis and ongoing compliance
 - Comprehensive personnel file gap analysis completed** with Tier 1/2/3 categorization
 - Comprehensive policy inventory completed** with compliance assessment
 - I-9 audit completed** with error identification and penalty exposure calculation
 - File separation protocols established** (medical, I-9, investigative files per federal/state law)
 - 90-Day Remediation Action Plan developed** with prioritized tasks and resource requirements (personnel files AND policies)
 - Final report delivered to Controller by January 3, 2026**
 - Obsidian vault operational** for ongoing compliance tracking and future audits
 - Confidentiality protocols maintained** throughout project (zero breaches)
 - Industry benchmark comparison demonstrated:** 10-day completion vs. 2-6 month industry standard
-

NEXT STEPS & RESOURCE REQUIREMENTS

Immediate Actions (Today - Day 2):

1. **Confirm Administrative Assistant availability** for Days 3-8 (including December 24, 26, 28, 31)
2. **Export Gusto employee roster** and begin reconciliation
3. **Set up Obsidian vault** and install community plugins
4. **Finalize scanning equipment** and test workflow
5. **Gather all existing policy documents** for inventory

Approvals Needed:

- **Scanning Strategy:** Approval to digitize paper files for AI analysis (vs. manual-only review exceeding 10-day timeline)
- **Administrative Assistant Confidentiality Scope:** Confirmation of limited access protocol (non-confidential documents only)
- **Post-Audit Resource Allocation:** Approval of resources required for 90-Day Remediation Plan execution (to be detailed in final report)

Post-Audit Resource Requirements (Preliminary):

- **Immediate (Days 1-30):**
 - HR time: 30-40 hours for critical gap remediation (I-9 corrections, medical file separation, missing acknowledgments, required policy creation/distribution)

- Legal counsel consultation: 3-5 hours for I-9 violations, FMLA compliance, ADA determinations, policy review
 - **Short-term (Days 31-60):**
 - HR time: 20-30 hours for training records, policy updates, documentation completion
 - Training budget: Harassment prevention training for employees missing certificates (estimate \$30-50/employee)
 - Policy development: Internal or external resources for policy creation/updates
 - **Medium-term (Days 61-90):**
 - HR time: 15-20 hours for best practice implementation, 2026 preparation (SB 294 notice distribution, emergency contact designation, SB 513 training process)
 - Digital personnel file system implementation (if moving beyond Obsidian to enterprise HRIS)
-

CONCLUSION

This plan establishes a realistic, technology-enabled approach to complete a comprehensive personnel file and policy audit within the requested 10-day timeline. **While industry standards indicate 2-6 months for projects of this scope**^[1-1], the strategic use of AI analysis, Obsidian relationship mapping, and digitization workflows compresses the timeline by 60-70% while maintaining audit quality and strict confidentiality protocols.

The deliverable will provide Sapphos with:

1. **Complete visibility** into current personnel file and policy compliance status
2. **Quantified risk assessment** with penalty exposure calculations
3. **Actionable remediation roadmap** with prioritized tasks and timelines (personnel files AND policies)
4. **Sustainable compliance infrastructure** (Obsidian vault, digital files, ongoing protocols) to prevent future gaps
5. **Preparation for 2026 requirements** (SB 513, SB 294, AB 692)

Human Resources is committed to delivering a thorough, accurate, and professionally documented audit that meets the Controller's expectations and positions Sapphos for long-term compliance success.

Ready to proceed with Day 2 objectives upon approval.

Prepared by:

Human Resources

December 20, 2025

Attachments:

- Appendix A: Required Records Checklist (Tier 1)
 - Appendix B: Conditional Records Checklist (Tier 2)
 - Appendix C: Best Practice Records Checklist (Tier 3)
 - Appendix D: 2026 Requirements Checklist
 - Appendix E: Policy Inventory Matrix (Template)
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27. California Labor Code §§ 5000-6414 - Workers' Compensation. § 3550-3551 require notice to employees. 8 CCR § 15400.2: 5-year retention from injury or last compensation. Available at:
https://leginfo.legislature.ca.gov/faces/codes_displayText.xhtml?lawCode=LAB&division=4 ↵ ↵
28. 29 USC §§ 2601-2654 - Family and Medical Leave Act (FMLA). 12 weeks unpaid leave for serious health condition, family care, birth/placement. Available at: <https://uscode.house.gov/view.xhtml?path=/prelim@title29/chapter28&edition=prelim> ↵ ↵ ↵
29. California Government Code §§ 12945.1-12945.2 - California Family Rights Act (CFRA). Expanded to 5+ employees effective 1/1/2021. 12 weeks leave parallel to FMLA. Available at:
https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=GOV§ionNum=12945.1 ↵
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30. 29 CFR Part 825 - FMLA Regulations. Required notices, medical certifications, recordkeeping. Available at: <https://www.ecfr.gov/current/title-29 subtitle-B chapter-V subchapter-C part-825> ↵ ↵ ↵
31. 42 USC § 12101 et seq. - Americans with Disabilities Act (ADA). Prohibits disability discrimination, requires reasonable accommodation. Available at: <https://uscode.house.gov/view.xhtml?path=/prelim@title42/chapter126&edition=prelim> ↵ ↵ ↵ ↵
32. 29 CFR Part 1630 - ADA Regulations. Medical examinations, reasonable accommodation, confidentiality requirements. Available at: <https://www.ecfr.gov/current/title-29 subtitle-B chapter-XIV part-1630> ↵ ↵ ↵
33. California Labor Code §§ 1102.5, 1102.6 - Whistleblower Protection. Prohibits retaliation for reporting suspected legal violations. Available at:
https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=LAB§ionNum=1102.5 ↵
34. California Labor Code § 98.6 - Wage Claim Retaliation. Prohibits retaliation for filing wage claims with Labor Commissioner. Available at: https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=LAB§ionNum=98.6 ↵
35. California Labor Code § 6310 - Occupational Safety Retaliation. Prohibits retaliation for reporting safety violations. Available at: https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=LAB§ionNum=6310 ↵
36. 29 USC § 215(a)(3) - FLSA Retaliation. Prohibits discharge/discrimination for exercising FLSA rights. Available at: <https://uscode.house.gov/view.xhtml?req=granuleid:USC-prelim-title29-section215> ↵
37. California Labor Code § 1031 - Lactation Accommodation. Reasonable break time, private location (not bathroom), until child is 1 year old. Available at:
https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=LAB§ionNum=1031 ↵
38. 29 USC § 207(r) - FLSA Lactation Accommodation. Reasonable break time to express milk for 1 year after birth. Available at: <https://uscode.house.gov/view.xhtml?req=granuleid:USC-prelim-title29-section207>
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39. 29 USC § 201 et seq. - Fair Labor Standards Act (FLSA). Federal minimum wage, overtime, recordkeeping requirements. Available at: <https://uscode.house.gov/view.xhtml?path=/prelim@title29/chapter8&edition=prelim> ↵ ↵ ↵

40. California Labor Code § 510 - Overtime compensation. 1.5x for over 8 hours/day or 40 hours/week; 2x for over 12 hours/day. Available at: https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=LAB§ionNum=510 ↵
41. 29 CFR Part 516 - FLSA Recordkeeping Requirements. Payroll records 3 years; time records 2 years. Available at: <https://www.ecfr.gov/current/title-29 subtitle-B chapter-V subchapter-A part-516> ↵ ↵ ↵
42. National Labor Relations Act (NLRA) § 7 - 29 USC § 157. Protects concerted activity; limits employer restrictions on wage discussions, working conditions. Available at: <https://uscode.house.gov/view.xhtml?req=granuleid:USC-prelim-title29-section157> ↵
43. California Constitution Article I, § 1 - Right to Privacy. Inalienable right; limits employer monitoring without disclosure. Available at: https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=CONS§ionNum=SEC.%201.&article=I ↵
44. California Civil Code §§ 3426-3426.11 - Uniform Trade Secrets Act. Protects trade secrets from misappropriation. Available at: https://leginfo.legislature.ca.gov/faces/codes_displayText.xhtml?lawCode=CIV&division=4.&title=&part=1.&chapter=5.&article= ↵
45. 18 USC § 1836 - Defend Trade Secrets Act (DTSA). Federal civil remedy for trade secret misappropriation. Available at: <https://uscode.house.gov/view.xhtml?req=granuleid:USC-prelim-title18-section1836> ↵
46. 41 USC §§ 8101-8106 - Drug-Free Workplace Act of 1988. Requires federal contractors maintain drug-free workplace policy. Available at: <https://uscode.house.gov/view.xhtml?path=/prelim@title41 subtitle3 chapter81&edition=prelim> ↵
47. California Proposition 64 (2016) - Adult Use of Marijuana Act. Legalizes marijuana; employers may still prohibit use/impairment at work. ↵
48. Sarbanes-Oxley Act § 406 - 15 USC § 7264. Public companies must have code of ethics for senior financial officers. Available at: <https://uscode.house.gov/view.xhtml?req=granuleid:USC-prelim-title15-section7264> ↵
49. California Labor Code § 2810.3 (SB 294 - Workplace Know Your Rights Act, effective 2/1/2026). Annual notice covering workers' comp, immigration protections, right to organize, law enforcement rights. Emergency contact designation by 3/30/2026. Penalties: \$500/employee (notice); \$10,000/employee (emergency contact notification). Available at: https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202320240SB294 ↵ ↵ ↵ ↵
50. California Labor Code § 2802.1 (AB 692 - effective 1/1/2026). Restricts employer-mandated training cost repayment agreements ("stay-or-pay" clauses). Available at: https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202320240AB692 ↵ ↵
51. 26 IRC § 3402; IRS Topic 753 - Federal Income Tax Withholding. Form W-4 retention: 4 years. Available at: <https://www.irs.gov/taxtopics/tc753> ↵
52. California Revenue & Tax Code - State tax withholding (DE-4). 4-year retention aligns with payroll tax requirements. ↵
53. California Government Code § 12945 - Pregnancy Disability Leave (PDL). Up to 4 months leave for pregnancy-related disability. Available at: https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=GOV§ionNum=12945 ↵
54. 15 USC § 1681 et seq. - Fair Credit Reporting Act (FCRA). Background check disclosure, authorization, adverse action requirements. Cal. Civ. Code § 1786 et seq. (ICRAA) - California equivalent. Available at: <https://uscode.house.gov/view.xhtml?path=/prelim@title15 chapter41 subchapter3&edition=prelim> ↵