



# Why Working with a Freelance Management System (FMS) Solution Provider Is Essential

Everything You Need To Know





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An FMS provides better controls and a better audit trail that assists its customers in automating all activities associated with their use of freelance labor, and providing them with the ability to generate compliance data from their own database in real time. A Freelance Management System (FMS) like WorkMarket does not classify its customers' freelance workforce. Rather, it allows companies to automatically track all assignments, schedules, and payables.

Jens Audenaert, General Manager at WorkMarket commented "In truth, there are no absolute solutions to counteract the impact of a freelancer law such as AB-5. However, an FMS can accomplish the job of automating all of your contractor management activities, and provide you with all of the necessary compliant-ready data and information you would ever need to go up against a potential audit. Furthermore, WorkMarket, an ADP® company, stands ready to support all of its customers as regulatory requirements continue to evolve."

WorkMarket is a cloud-based software platform that helps organizations get a handle on their use of freelance labor (1099s, independent contractors, gig workers). The software allows the organization to determine who is in their talent pool, managing the assignments and of course paying them. Workers also get a free mobile app to accept work, check-in, and interact with the client.

WorkMarket also provides a full range of Onboarding services and support to its customers, including specific compliance rules that also apply to the AB-5 legislation. As such, this provides users and companies with a full set of audit controls should any of their contractor dealings come under regulatory consideration.

WorkMarket suggests seven (7) areas for its customers and businesses to mitigate their compliance risk, and better help lines of businesses to stay compliant within their company's regulations, including:



## 1. Intelligent Labor Clouds

WorkMarket's Intelligent Labor Clouds allow you — whether you're in Legal, the Business Unit, HR, or Procurement — to set the rules for **WHO** you engage with. If your company believes risk is mitigated by only engaging independent contractors (ICs) with certain characteristics, the WorkMarket software lets you establish Engagement Rules which can include:

- Incorporation
- Insurance
- Certifications
- Licenses
- Legal Agreements
- Quality Ratings

With WorkMarket, you can ensure only professionals who are willing to accept your requirements respond to your assignments.



## 2. Compliance Engine

The WorkMarket Compliance Engine, built using advanced Artificial Intelligence-based algorithms and data analytics, adds another layer of protection for companies working with ICs. The Compliance Engine uses rules that you can configure to help reduce the likelihood of misclassifying your workers.



## 3. Tax Filing Services

WorkMarket's Form 1099-MISC services include:

- 1099-MISC Tax Filings
- W-9 compliance, including Tax ID Number (TIN) verification through active integration with the IRS database
- Compliance with IRS regulations for non-US payments including submission of IRS Form W-8BEN





#### 4. Agency of Record Services

WorkMarket, an ADP company, is the industry leader in helping companies that engage an independent workforce to manage their compliance risk. Our tools allow each of our customers to set Engagement Rules and help ensure that their teams don't individually engage labor inappropriately. The WorkMarket platform allows the organization to set up its unique environment to limit who it engages with, and how you engage them. All systems and engagement points can then be delivered with just a few clicks into an Audit Trail to address the compliance needs that your company may have.



#### 5. Best Practices and Thought Leadership

WorkMarket's freelancer management team has been featured in Forbes, HuffPost, MSNBC and The Washington Post, and frequently attends industry conferences and tradeshows helping educate businesses on the importance of effective labor compliance in today's on-demand economy. While every company's interpretation of the various legal and regulatory guidelines may be different, WorkMarket has the pleasure of working with some of the world's largest companies and can offer Best Practices on how their internal and external teams view the risks and mitigants associated with the use of independent workers.



To help you and your company better mitigate compliance risk, focus on the following three areas:



### **Audit**

- Terminate inactive contractor relationships within your reporting systems
- Conduct a systematic review in light of new Department of Labor (DOL) standards



### **Revise and Update**

- For relationships that will continue, revise and update the existing agreement's language
- Modify actual practices, if necessary, to comply with new DOL standards



### **Governance and Training**

- Establish a formal and centralized approval, governance, and monitoring process
- Implement a regular training schedule for those involved in the approval/use of contractors
- Continue to publicize and strictly apply these processes

**To protect your organization from non-compliance, employ a "3-D" approach:**

- Decide your view on the risk continuum
- Document your approach
- Deliver results to any governing body through the WorkMarket audit procedure

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## About WorkMarket

WorkMarket was founded in 2010 and in 2018, was acquired by ADP, a global provider of HR technology and services. With additional resources, WorkMarket continues to be focused on providing enterprise grade technology to help companies unlock the power of their extended workforce.

**Take the first step to gain visibility into your extended workforce.**

**Call (877) 245-8906 or visit [WorkMarket.com](https://www.WorkMarket.com).**