

IDPP CONSULTING SERVICES

Achieving Hire Intelligence

*You've interviewed
the ideal candidate,
you offer the job and
the candidate accepts
and starts work.*

Everything is great
– but what about
compliance?

WORKFORCE REVIEW & AUDIT

Version Date: August 2011



WORKFORCE REVIEW & AUDIT

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Our Goal in offering you this Service

“Firstly, to ensure that your workforce is compliant with local tax and statutory requirements in order to minimise any associated risks to you. Secondly, to ensure that your suppliers fulfil their obligations in providing a consistent, safe and cost-effective solution”.

Introduction

When placing candidates from all over the world with clients from more than 20 different countries, the task of ensuring that all local tax, statutory and employment legislation has been met is an onerous one. It is also one that we take extremely seriously, and we consider it part of our service to ensure that we are offering the most effective solutions. A major part of these solutions is to ensure that the candidate is compliant within the location that s/he is working, including being in possession of the required visa and work permits as appropriate, and meeting local taxation regulations. To this end, we employ a significant number of third-party financial and accountancy companies with expertise around the world who ensure the tax solutions employed are not only compliant, but are also beneficial to the candidate and safe for the client.

Whilst working with our clients and candidates, it is clear that, whilst we always strive to ensure compliance, there are many suppliers who do not. Too many suppliers will happily supply you with the resources that you require, but will leave you, as the client, non-compliant with local tax and employment legislation.

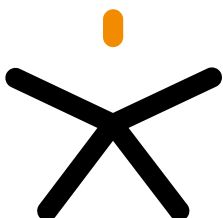
There are many clients currently using workers who are “illegal” in some way or another. Such “illegality” can cause not only severe disruptions to the work process if ever discovered, but can leave clients with substantial statutory fines and legal disputes.

It was for this reason that we decided to introduce our own Workforce Compliance Audits to ensure that a client’s workforce, particularly freelance, met with the same compliance standards as our own candidates.

You’ll probably need this service if:-

- You use a multitude of external suppliers;
- You have different suppliers on different contractual terms;
- You have different suppliers charging different amounts;
- You feel your suppliers need to be more accountable;
- You don’t know what your suppliers are paying your contractors;
- You don’t know what contractual terms your contractors work under;
- You don’t know the tax, visa or work permit status of your workforce;
- You are worried about the tax or statutory repercussions of “employing” your workforce.

Welcome to our Workforce Review & Audit service.



Audit Process

The audit process is designed to be as non-evasive and non-disruptive as possible. The audit is designed to assess the compliance and safety (i.e. risk factors) associated with the workforce.

A full capability audit of the external suppliers can also be undertaken in accordance with our **Supply Chain Review & Audit** service, details of which are available on our website www.idpp.com.



Audit Content

The full audit content generally falls into four main areas:-

- Financial;
- Legal;
- Legislative and Statutory;
- Historical.

As a client, you are able to choose for us to examine all or any of the above areas.

Financial

A financial compliance audit would normally be reserved for your freelance workforce and would include:-

- Checking that pay rates to all contract staff are consistent, fair and in accordance with market trends; and
- Checking external supplier margins for consistency, cost-effectiveness and compliance with agreed SLAs; and
- Checking the financial viability of external suppliers to ensure their ability to meet worker payment obligations.

Legal

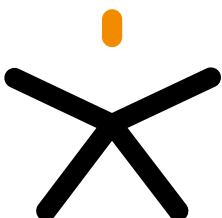
A legal compliance audit would normally include:-

- Checking that external suppliers are compliant with any agreed SLAs; and
- Checking that all contractors are fully compliant with all client legal terms and requirements, particularly in terms of NDAs, confidentiality and copyright.

Legislative & Statutory

A legislative and statutory compliance audit would normally include:-

- Checking that external suppliers have the appropriate insurances in place to support the business; and
- Checking that the external suppliers have the appropriate regulatory and trading licences and approvals



Audit Content *(continued)*

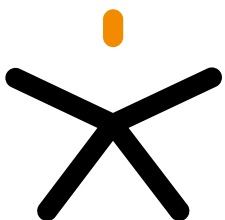
in place to support the business; and

- Checking workers' work permit requirements and "right to work" status; and
- Ensuring workers' compliance with local tax and regulatory regime, including payment structure, use of management companies, completion of tax statements, local registration etc.

Historical

An historical compliance audit would normally include:-

- Checking that external suppliers have performed all requirement background and reference checks on candidates. These may include employment, identity, criminal record, medical, education and qualifications; and
- Undertaking additional backgrounds checks where required.



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Conclusion

Do you really know who you've recruited: their backgrounds, their tax status, their work status? Have you seen their signed contracts? Do you know if they're paying their taxes? Are you overpaying – either the external supplier or the worker?

When recruiting, it is extremely easy to focus on merely the technical suitability of a candidate, and then to rely on your external suppliers to undertake all of the compliance checks. Unfortunately this is often not the case.

External suppliers are often guilty of:-

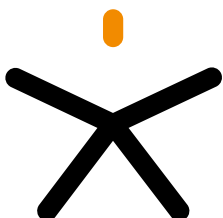
- Failing to reference check candidates; or
- Failing to ensure candidates are properly “signed up”; or
- Failing to pay workers a fair rate and on time; or
- Failing to ensure adequate protection from tax and other regulatory penalties; or
- Failing to maintain adequate insurances; or
- Failing to possess appropriate trading licences or permissions; or
- Failing to have the best interests of the client at heart.

Candidates are often guilty of:-

- Failing to sign up to legal requirements; or
- Failing to meet their financial obligations in terms of tax and other contributions; or
- Failing to provide accurate references; or
- Failing to have the appropriate work permits and permissions to work.

Sometimes, the resolution to some of these problems is not a simple one. The first step, however, is at least to know what the problems are, and where the risks come from. It may well be that the solution is then simple, or may require the change of external supplier or worker, but at least you will know – that is what our **Workforce Review & Audit** service is all about.

We may well open a can of worms, but isn't it better to know?



WORKFORCE REVIEW & AUDIT

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