What to consider when choosing a contractor payroll service provider to manage your pre-identified contractors

A checklist for contractor payroll vendor selection

Although the name would suggest otherwise, payrolling your pre-identified contractors is a complex employer responsibility that many organizations choose to outsource to a trusted third-party partner. This document will help you vet potential vendors who provide the service by providing a checklist for (A) Selection Criteria and (B) Sample Screening Questions to include in your RFP.

A. Pre-identified contractor payroll vendor selection criteria

Your contractor payroll partner should provide you with a standardized program that is delivered through a proven process. At a minimum, the vendor's program should provide you with the following key benefits:.

- A **streamlined process** to facilitate the engagement of pre-identified contractors.
- Pre-identified contractor **risk protection.**
- Mechanisms to help you **reduce your pre-identified contractor costs.**
- A **positive user experience** for your pre-identified contractors.

When selecting your contractor payroll partner, it's important to take the following criteria into consideration.

Infrastructure and expertise:

- Adequate size, capacity and access to funding to handle the increase in Accounts Receivables, ensuring consistent payment to pre-identified contractors. (Note: Do not choose a vendor who may miss payroll or go bankrupt if they don't get paid by a major client for four [4] months).
- A proven track record of implementing and managing similar size engagements with clients.
- Expert knowledge of various pre-identified contractor classifications related to:
  - ☐ Tax
  - ☐ Burden
  - ☐ Policy
- Expert knowledge of local and state legislation as related to pre-identified contractors.
- Adequate insurance coverage for E&O, Liability, and workers compensation.

Worker management:

- An online/mobile contractor portal to manage Time, Expenses and Approvals.
- A dedicated Payroll Program Team that offers one-on-one support to payrolled workers.
- Up-to-date technology that tracks work permit expirations.
- Quarterly NPS surveys to payrolled workers and hiring managers to measure customer satisfaction.
- Program reporting that includes real-time dashboards for:
  - ☐ Spend
  - ☐ Addressable savings
  - ☐ Tenure
  - ☐ Compliance

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Onboarding:

An automated, secure onboarding portal to:

- Enter personal information
- Upload documents
- Facilitate eSignature for contracts.

Fast and compliant onboarding with SLA tracking.

Worker Benefits that include ACA compliant healthcare

Worker wellbeing services that include EAP and Perks

Rate management:

- Geographically based rate data to benchmark pay rates for payroll workers.
- Reporting on spend by:
  - Division
  - Department
  - Project
  - Manager
- A dedicated vendor team to negotiate pre-identified contractor pay rates to rate card.
- Transparency in their approach to estimating government burden costs.
- Rebates on any fee overage on pre-identified contractor population at end the of the year.

B. Screening questions for a Contractor Payroll service provider RFP

Your contractor payroll partner should provide full transparency over their program processes and vendor fees. The vendor should sufficiently answer questions as they relate to their ability to (a) Reduce costs, (b) Minimize risk (c) Provide a user-friendly experience and (d) Demonstrate continuous improvement.

When selecting your contractor payroll partner, consider including the following questions and requests in your RFP:

Company background section:

1. Please provide a general overview of your organization and contractor payrolling service.

2. Please provide a list of all the cities where you have physical offices.

3. Please describe the categories of workers that you support.

4. Please provide a list of your largest contractor payrolling programs. Include the number of contractors you are currently administrating at each client, the locations served, and the functional types of contractors you are payrolling.

Payroll services capabilities section:

1. Please describe the full life-cycle process details from the beginning of the process to on-boarding to off-boarding of the pre-identified contractor.

2. Please provide an overview of the tools/systems you utilize within your contractor payroll program.

3. Please describe the Program Team and qualifications of the resources you will provide to support our Payroll Program.

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4. Please describe your contractor payment process. When and how often will you pay the pre-identified contractors?

5. Please include the benefits you provide W2 contract workers.

6. Please describe your invoicing process. How often will you bill us?

7. Do you have experience negotiating rates with contractors as part of a contractor payroll program? If yes, please describe your negotiation process and how you handle exceptions.

8. Please provide a list of clients where you have negotiated pre-identified contractors' rates within a contractor payroll program and provide details of outcomes.

9. What do you believe are the key success factors in a contractor payroll program?

10. Please provide a process diagram of your contractor payroll process.

11. Please provide SLAs for your contractor payroll process.

12. Please include the type of reports you will use to implement for ongoing management of our contractor payroll Program.

Worker classification section:

1. Does your company provide pre-identified contractor classification services? If Yes, please describe your process and tools.

2. How does your contractor payroll program mitigate risks to our company such as co-employment? Please describe how your contract documentation protects the interests of your clients and their pre-identified contractors.

3. Has your firm provided contractor payroll services for non-preferred vendors? If yes, please provide your process for engaging non-preferred vendors and describe your payment processes.

Implementation capabilities section:

1. Do you have a standard document (i.e. Statement of Work) that outlines your contractor payroll program with the responsibilities, service levels, processes, policies, etc.? If yes, please attach.

2. Please provide an implementation plan that outlines the tasks and timelines involved in the implementation of your pre-identified contractor payroll service.

3. Is your implementation team the same team members who will support our payroll program when it is in steady state? Please describe your approach.

4. How much time will you require from client resources during the implementation of your contractor payroll program and during steady state?

5. Do you have experience transitioning payrolled contractors from other suppliers? If yes, please detail your process for doing so.

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General and other considerations section:

1. Please provide three [3] client references where you are providing pre-identified contractor payroll services that are similar in terms of size and scope to this RFP.

2. Please describe your availability of credit to meet the financial requirements of our pre-identified contractor payroll program. Please include the amount of your credit line and contact information for your credit provider.

3. Please provide your insurance coverage limits along with an insurance certificate.

4. Have you provided pre-identified contractor payroll services for fixed-price contractor engagements? If yes, please provide your process and your pricing for these types of contractor engagements.

5. Does your firm have Direct Sourcing technology or curation services as a value added service that can be provided with your payroll program? If yes, please explain.

Pricing section:

1. Please provide your pricing model for your contractor payroll program.

2. Please detail the government burden costs you charge for payrolled contractors.

3. Please provide details of how your contractor payroll program will reduce current and future costs.

Whether you are looking to implement your organization's first pre- identified contractor payroll program or looking to improve upon your existing program, a trusted partner should bring confidence, and a knowledgeable team, to support your contingent workforce and overall business goals.

Contact a Procom Payroll expert today for a complimentary assessment of your contractor payroll needs.

Reach us here

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