# Freelancer and Contractor Pay Training: Worker Status, Timesheets, Withholding and Audit

26 – 30 July 2027
Milan

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**Ref:** 835_38874 **Date:** 26 – 30 July 2027 **Location:** Milan **Fees:** 5500 GBP

## Programme Summary

Freelancer and contractor pay is the subject of this one-week training course for finance, HR and procurement managers, ending in a pay control plan for one non-employee workforce. Organisations pay people who are not on the payroll through invoices, agencies and ad hoc transfers, so status errors, duplicate payments and missing evidence go unseen. The programme moves from worker status to contracts, timesheets, payment runs, withholding, cross-border payments and audit. Mars Training Centre UK delivers this programme on freelancer and contractor pay to mixed-organisation cohorts.

## The Business Case

Construction groups, energy operators, media houses and public bodies rely on contractors, freelancers and agency workers to flex capacity. When status is judged by the label in the contract and payment is approved by whoever signs the invoice, organisations carry hidden employment and tax exposure and pay for hours that were never worked.

- Status Exposure: Falls when each worker is classified against written criteria before the first payment.
- Overpayment: Declines when timesheets, rate cards and invoices are matched before a payment run.
- Audit Findings: Reduce when every payment carries evidence of approval, deduction and recipient checks.

## Principles and Evidence Base

- ILO Recommendation 198: Directs that an employment relationship is decided by the facts of the work and its remuneration, not by the contract label, applied in Session 1 to worker status tests.
- Three-Way Match: Compares contract rate, approved time and invoice before payment, applied in Sessions 2 and 3 to rate cards and timesheets.
- Segregation of Duties: Separates requesting, approving and paying, applied in Session 3 to payment runs and bank file release.
- Withholding Principle: Treats deductions at source as a duty set by the applicable tax rules, applied in Session 4 to deduction decisions and records.

## Intended Participants

- Finance managers who release payments to contractors and freelancers.
- HR managers who decide whether a role is filled by an employee or an independent worker.
- Procurement managers who contract agencies, labour suppliers and individual specialists.
- Internal control leaders who test how non-employee payments are approved and recorded.

Typical settings include construction and engineering, energy and utilities, media and creative groups, and public authorities.

## Learning Outcomes

1. Participants will be able to evaluate whether a worker is an employee or an independent contractor using written status criteria.
2. Participants will be able to construct a rate card and payment terms that match the work ordered.
3. Participants will be able to diagnose duplicate, early and unsupported payments in a sample of invoices.
4. Participants will be able to prioritise deduction and reporting decisions for agency, umbrella and individual routes.
5. Participants will be able to design controls for payments to workers in other jurisdictions.
6. Participants will be able to justify a pay control plan to a finance committee.

## Programme Structure

## Day 1: Freelancer and Contractor Pay Foundations and Worker Status

Is this person an employee, a contractor or an agency worker?

- Employment Relationship Facts Test
- Worker Status Decision Tree
- Contract for Services Review
- Agency and Umbrella Route Map
- Status Risk Register

## Day 2: Contracts, Rate Cards and Onboarding

What must be agreed and recorded before the first payment?

- Rate Card Template
- Payment Terms Clause Checklist
- Purchase Order and Call-Off Link
- Recipient Verification Steps
- Onboarding Evidence Pack

## Day 3: Timesheets, Invoices and Payment Runs

How are hours and invoices checked before money leaves the bank?

- Timesheet Approval Workflow
- Three-Way Match Worksheet
- Duplicate Invoice Test
- Payment Run Approval Matrix
- Bank File Release Control

## Day 4: Withholding, Tax Treatment and Cross-Border Payments

What may be deducted, reported and paid across borders?

- Deduction Decision Table
- Tax Residence Evidence Form
- Cross-Border Payment Checklist
- Currency and Fee Allocation Rule
- Payment Record Retention Schedule

## Day 5: Pay Control Plan for One Non-Employee Workforce

Do the earlier tools join into a plan that a finance committee can approve?

- Applying the Session 1 Status Decision Tree
- Testing the Session 2 Rate Card Template
- Re-performing the Session 3 Match Worksheet
- Reviewing Audit Sample Selection
- Completing the Pay Control Plan

## Methodology

The programme uses a field-style audit on prepared payment files from a construction contractor panel and a media production house. Participants test status, rates, timesheets and invoices, trace payments to approvals and defend their control plan to peers acting as a finance committee.

- Suggested activity: Classifying six sample workers and arguing the reasons for each decision.
- Suggested activity: Finding duplicate and unsupported invoices in a month of payments.
- Suggested activity: Redesigning an approval path where one manager both orders and releases payment.

## Capstone Output

Each participant completes a pay control plan for one non-employee workforce. It holds a status decision record, a rate card and payment terms, a matching and approval routine, a deduction decision table, a cross-border checklist and an audit sample plan. At work it sets one standard for onboarding and paying contractors.

## Frequently Asked Questions

### Is a freelancer and contractor pay programme suitable for managers without payroll experience?

Yes. Freelancer and contractor pay is taught through prepared payment files and templates. The programme assumes responsibility for approving or controlling payments, but no earlier payroll or tax training.

### Which standard does freelancer and contractor pay rest on in this programme?

Freelancer and contractor pay rests on ILO Recommendation 198 for worker status, together with three-way matching, segregation of duties and the withholding principle for payment control.

### How is the plan from freelancer and contractor pay used at work?

You use the freelancer and contractor pay plan to classify workers, set rate cards, tighten approval of invoices and payment runs, and prepare evidence for audit.

### How does freelancer and contractor pay differ from a programme on employee payroll?

Freelancer and contractor pay concentrates on status, contracts, invoices and evidence for non-employees, while employee payroll concentrates on salary calculation, statutory deductions and payslips.