Risk information – Property

Contractor management

Introduction

Contractors are widely used throughout industry and regardless of the time frame or complexity of the work, it is essential to establish and adhere to an effective program for contractor management.

Note that the information contained in this guide is general in nature only and does not take into consideration your specific risks and hazards.

Management commitment

Establishing and maintaining an effective Contractor Management Program requires commitment at all levels within the company including the support of Senior Management.

Contractor management policy and procedures

Draft a formal policy statement on contractor management. This should include procedures for selection, induction, management and supervision of contractors. Assign someone in authority to be accountable for ensuring that the policy and procedures are followed, audited regularly, and updated as necessary. Ensure the information is communicated to all employees and contractors as necessary.

Scope of works

Prior to the selection of a contractor, undertake a detailed analysis of all aspects of the work that the contractor(s) will be required to complete. Include preparation required prior to starting the project works and steps necessary to successfully complete the project. This assists in identification of areas that may require specialized skills and will highlight areas of higher risk.

Contractor qualifications/ experience

Ensure that the contractor(s) has up-to-date copies of all necessary licenses and/ or registrations required by local, state and federal authorities. Retain a copy of these documents.

Ensure the contractor has the required experience for the task. If the contractor is unknown ask for references and/or conduct checks at their current work site if references cannot be provided.

Contractor safety policy and procedures.

Many contracting companies will provide a work safety statement or safety policy that can be reviewed on request. Regardless of the size of the contracting company safety is a priority. If the contractor does not have a safety policy or work method statements they may not be suitable for the task.

Employees

Place the responsibility on the contractor to ensure that all employees who will be working on the project are adequately qualified and will follow nominated procedures.

Public liability insurance

It is recommended that all contractors have Public Liability (minimum $10m), Workers Compensation and Professional Indemnity Insurance (as required) with policies up to date and certificates of currency. Copies of the certificates should be held on file and updated as they expire.

Use of subcontractors

If subcontractors are likely to be used, establish their selection criteria and specify the qualifications required by the subcontractor. The contractor should be required to provide notification prior to any subcontracting of the work.

Work review

Review the contractor's work after each contract is finished against a number of criteria including safety practices, quality of work, adherence to site procedures, policies and project specifications. This process can be used to develop a list of preferred contractors

Contractor induction

Induct the contractor on site/company policies and procedures before permitting any access to the site. Keep records of the induction process including date of induction, who conducted the induction, and date for re-induction if contract extends long term. All persons inducted should formally acknowledge that they have been inducted and that they have understood and agree to follow site/company policies and procedures explained to them during the induction.

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The induction may include, but not be limited to, the following procedures:

- Contractor site access and identification
- Hot Work
- Fire protection impairments
- Smoking
- Housekeeping
- Introduction of hazardous on site
- Working with hazards substances/ dangerous goods and processes
- Supervision of contractors
- Reporting incidents and property damage
- Emergencies
- Environmental protection
- Security
- Lockout/tag out
- Electrical isolation
- Tools/equipment used on site
- Excavation and trenching
- Disposal of waste and spills
- Working at heights
- Working in confined spaces

Unique hazards

Ensure that the contractor is aware of unique building features, process hazards and/or protection systems in the areas that they are working. Where required provide training to the contractors and employees.

Site policies and procedures

Ensure that the contract includes a clause that requires the contractor and all their employees to follow established site/company policies and procedures. Provide the contractor (and site employees working with the contractor) with a manual of policies and procedures explained to them at the induction.

Contractor performance

Establish performance criteria for the contractor including the right of the client to conduct random inspections of materials, tools, and the quality of work.

Incident reporting

Provide wording in the contract that requires that all incidents and damage to property to be properly communicated and investigated. State that the contractor is responsible for maintaining the facility/ site and equipment in good order. Where a formal contract is not used clearly communicate this requirement within the induction process.

Supervision of contractors

Unsupervised contractors pose a potential threat to any site as it cannot be assumed that they will adhere to site procedures for safety and property loss prevention.

Contractor identification

To assist all employees in controlling and monitoring the activities of contractors, ensure that the contractor is easily identifiable. An easy way to do this is with 'visitor' tags.

Sign-on procedures

Instigate a sign-on procedure, which records the approximate whereabouts of all contractors while they are on site. If the contractor is made responsible for keeping these records, ensure the records are available for review at all times.

Employee supervision of contractor

Ensure that a suitably experienced staff member is delegated to oversee the contractor, monitor work quality and check for compliance with site/company policies and procedures. Depending on the nature of the contract this may necessitate regular meetings with the contractor to discuss and view the work progress. Recommendations or issues raised during these meetings should be documented. It may also be necessary to provide the delegated employee with 'contractor management' training.

Fire protection impairments

Fire impairment is the isolation of fire protection systems such as water supply, hydrants, fire detection systems and fire suppression systems. Very often it is necessary to isolate systems during work, and at this point in time the site is at its most exposed. Contractors may not be aware of the unique features of the fire protection system. Additionally, contractors may only know about site conditions in a small area of the site/facility and not be in a position to understand the full consequences of the impairment.

Only allow authorized employees to impair plant fire protection equipment making use of a formal Fire System Impairment Procedure that includes notification to your broker and Vero Insurance (a Vero Fire System Impairment / Restoration Notification is available for your use).

Ensure that any impaired fire system is re-instated on completion of the work. It is preferable not to rely on the contractor for this. Delegate a suitably qualified employee to check the system with the contractor.