

# MANAGING YOUR OHS PROGRAM: 8 Best Practices for Contractor Management



Many companies, by necessity, must use contractors in their operations. Because your company could be held liable for OHS violations committed by its contractors, it's important to take appropriate steps to manage them and ensure that they comply with the OHS laws and your safety requirements. A recent report by the Campbell Institute, collected the best practices from world-class EHS organizations for contractor management during crucial steps in the contractor life cycle. Here's a look at these best practices, which you can incorporate into your own contractor management program or process.

## 8 BEST PRACTICES

The Campbell Institute research identified best practices for the following steps in the contractor management life cycle:

### Prequalification

The majority of organizations involved in the study use or are about to use third-party prequalifying companies. One rationale for using external prequalifying agencies is due to the size and number of projects involving contractors that these organizations have, many of which are located all over the world. The widespread use and large scope of contractors in global organizations often requires the services of prequalifying companies to handle a large part of the initial vetting process. Note, however, that using a third party to prequalify may exclude smaller contractors who can't afford the related costs.

In addition, all of the organizations in the study assess contractors based on their safety statistics, such as incident rate, fatality rate, workers' comp claims, injury logs, environmental reports and regulatory citations. The organizations require contractors to submit these statistics for a given time period, typically the last three years.

Lastly, most of the research participants have some form of internal scale, checklist or metric for which a contractor must receive a 'passing grade' to be approved for work. For example, one company assigns contractors a letter grade (A, B, C or D) based on standard safety statistics, presence of written safety

programs, leading indicators and performance evaluations. Contractors must get a grade of A or B to receive a contract.

Other organizations don't assign grades but still maintain a rating system. For example, one company calculates a Contractor Safety Performance Metric that's based on OHS history, proof of permits and licenses, and documented safety practices and policies.

### **Pre-Job Task and Risk Assessment**

Two-thirds of research participants have a method to evaluate the risk rating of the work to be performed typically using a risk matrix to place contractors in a predetermined risk category. One company, for instance, performs an initial risk assessment based on the broad scope of work and a second assessment based on the contractor's detailed work procedure. It uses a risk matrix and assigns point values for severity, frequency and probability to calculate the risk associated with a given project. Contractors for projects with higher risk ratings must provide additional written safety programs.

Projects that require the use of contractors also often require the use of subcontractors. Most research participants specify that the general contractor is in charge of hiring subcontractors and managing their safety. In such situations, subcontractors are held to the same standards as general contractors but it's the general contractor's responsibility to apply those standards. This responsibility is yet another reason for companies to be diligent about hiring reliable and accountable general contractors from the start. In one organization, for example, part of the prequalification process for contractors is the evaluation of their standards and procedures for qualifying subcontractors.

### **Contractor Training and Orientation**

All organizations require safety orientations and skills training of contractors for them to be approved for work. These orientations and trainings are provided on site, although the methods may vary slightly. For instance, at one organization, contractors attend a Contractor HSE Alignment Kickoff meeting with hazard awareness and compliance training to be completed within one week of the start of work. Another company's general safety orientation includes a contractor safety video with a test directly afterwards. Contractors are given two tries to pass the test (passing grade = 80%) and aren't allowed to work otherwise.

In addition, all the organizations require special permits or training for specific kinds of work, such as confined space entry, electrical work, hot work, energy control and work at elevations. The organizations may also provide specialized safety training, including hazard identification, PPE, LOTO, fall prevention, etc.

### **Monitoring of Job**

Every organization in the study has periodic assessments during the contract term, which varies from daily checklists and/or safety talks to weekly walkthroughs, monthly and yearly assessments. One organization, for example, performs daily inspections of contractor work to ensure that it's in compliance with the Pre-Task Safety Plan submitted before the start of work. It also

requires contract employees to submit a minimum of two safety observations per month.

The maintenance of incident logs is also crucial to monitoring contractor safety during a project. At one organization, contractors must maintain incident and near miss report logs to ensure that proper corrective actions are implemented.

### **BOTTOM LINE**

Managing contractors and avoiding liability for their safety violations can be complicated. But adopting the best practices for contractor management discussed in the Campbell Institute report can help you overcome some of the challenges. For additional information, tools and other resources on dealing with contractors, go to the OHS Insider's Contractor Compliance Centre and see 'Answers to 8 FAQs about Contractors and the OHS Law.'

### **INSIDER SOURCE**

'Best Practices in Contractor Management,' The Campbell Institute

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### **Summary of 8 Best Practices**

1. Use of third-party prequalifying companies
2. Assessment of contractor safety statistics
3. Internal scale or checklist to assign grades to contractors during prequalification
4. Risk rating for work to be performed by contractor
5. Placing general contractors in charge of subcontractor safety and holding them to owner standards
6. Verification of contractor certifications and permits
7. On-site safety orientations
8. Periodic, scheduled assessments during contract term[/box]