



DEVELOPING A QUALITY CONTRACTOR PREQUALIFICATION PROGRAM



Connecting companies with safe contractors



May 2009

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WHY PREQUALIFICATION?

- Cost effective to outsource
- Regulatory Requirements and Best Practices
- Contractor Management Element for VPP
- Multi-Employer Responsibility
- Selecting safe contractors/sub-contractors greatly reduces risk and is applicable to both owners and contractors (anyone who uses contractors and/or subcontractors)



WHAT ARE THE ISSUES?

- Cost/Time/Resources for both the company and the contractors/subcontractors
- Establishing proper and updated audit protocol
 - Keeping up with regulatory changes and best practices
- Minimize incidents and lawsuits
- Buy-in from all departments/divisions





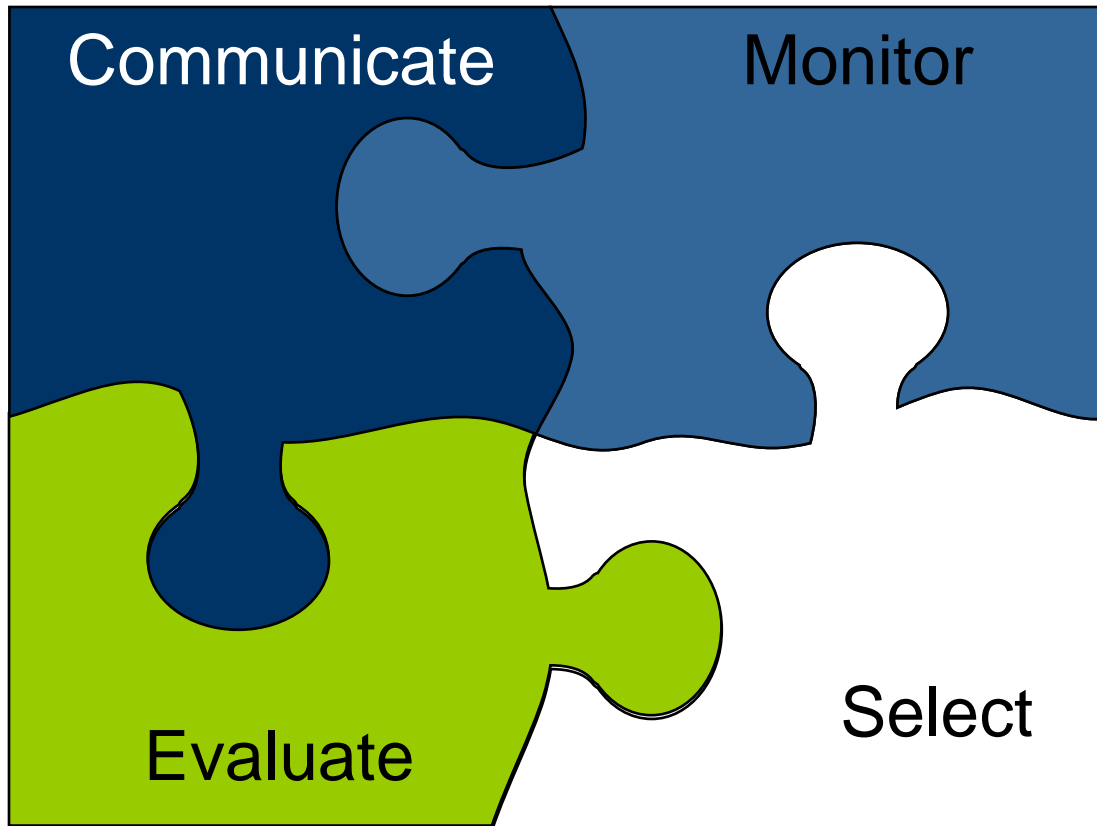
SELF EVALUATION – THE TOUGH QUESTIONS?

- Do we have contractors/subcontractors working for our company with either incomplete or no qualification at all?
- Do we award our contracts solely by the “low bidder”?
- Does part of our qualification process include a desktop audit (audit of written safety programs) and an office audit to verify implementation?
- Do we consistently update our audit program to meet all regulatory needs?
- Is our qualification process effectively preventing incidents?
- Do we have a program in place for re-evaluation of the contractors?
- Do we maintain insurance certificates for our contractors and their subcontractors?





HOW THE PIECES FIT FOR A STRONG PROGRAM



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COMMUNICATE TO YOUR CONTRACTORS



- Communicate safety expectations before awarding the contract
- State safety expectations in your contracts
- Hold regular Contractor Safety Meetings





WHO IS INVOLVED FROM THE OWNER'S SIDE?

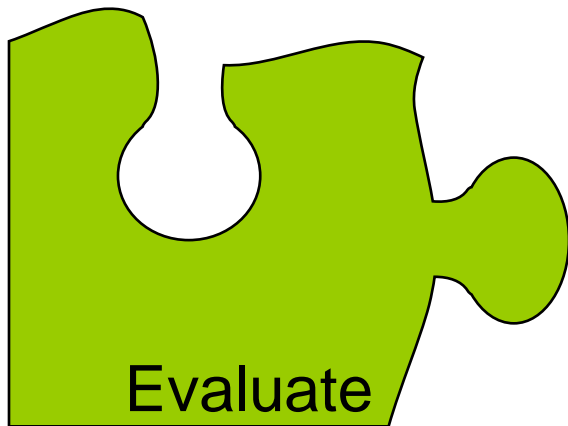


- Procurement/Contracts
- Safety
- Engineering/Operations
- Risk Management





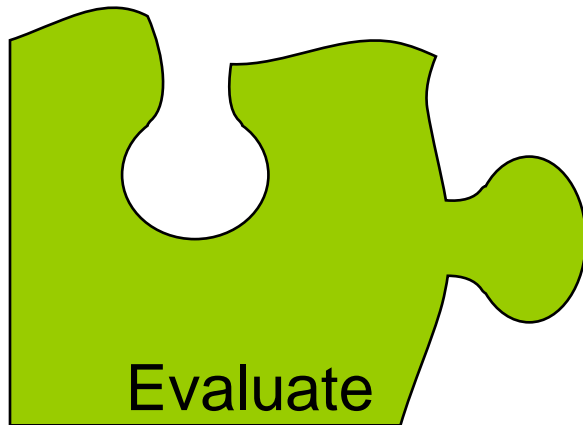
EVALUATE YOUR CONTRACTORS



- Use objective criteria: EMR, TRIR, LWCR, Fatalities.
 - There are exceptions
- Use subjective Criteria: Work History, Written Policies, Past Performance
- Conduct an Office Audit. Does the contractor implement its safety program?
 - Look at Training and Inspections
- Documentation



USE A STANDARD PREQUALIFICATION FORM



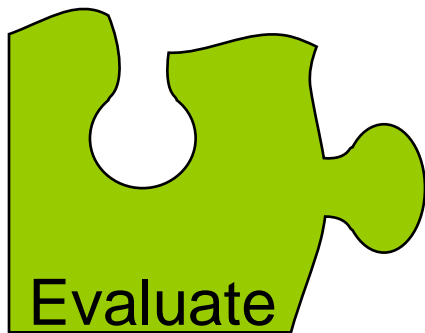
- How long has the contractor been in business?
- Financial Stability (D&B rating, largest project in the past 3 years, bankruptcies, etc.)
- Insurance Coverage, including limits and additional insured
- Major projects performed including references
- All appropriate safety statistics and programs
- Regulatory Citation History
- Services performed or provided
 - Critical to establish risk ranking

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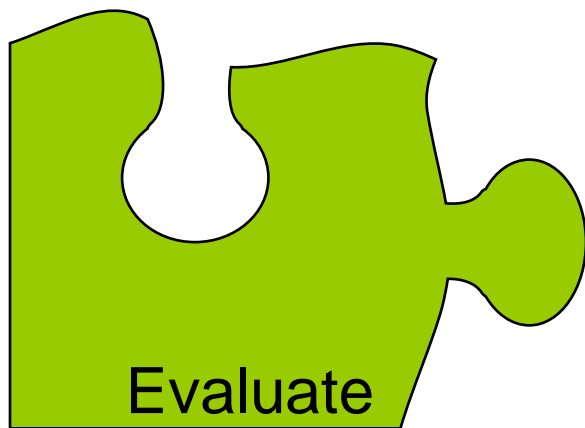
SAMPLE PQF



Num	Category	Complete	
1	COMPANY INFORMATION	100%	✓
2	COMPANY WORK HISTORY	100%	✓
3	GENERAL SAFETY INFORMATION	100%	✓
4	HEALTH, SAFETY, ENVIRONMENTAL POLICIES/PROCEDURES	100%	✓
6	TRAINING	100%	✓
7	SERVICES PERFORMED	100%	✓
9	COMMUNICATIONS	100%	✓
10	PERSONAL PROTECTIVE EQUIPMENT	100%	✓
11	ACCIDENT & INCIDENT PROCEDURES	100%	✓
12	SUBCONTRACTORS	100%	✓
13	DRIVING/VEHICLE SAFETY	100%	✓
14	DRUG & ALCOHOL PROGRAM	100%	✓
15	INDUSTRIAL HYGIENE/OCCUPATIONAL HEALTH	100%	✓
16	ENVIRONMENTAL ISSUES	100%	✓
17	CONTRACTOR'S LICENSING	100%	✓
18	STATES LICENSED IN (CONTRACTORS LICENSE)	100%	✓
19	QUALITY ASSURANCE/QUALITY CONTROL	100%	✓
20	PSM (PROCESS SAFETY MANAGEMENT)	100%	✓
25	UPLOAD FILES	100%	✓
26	MECHANICAL INTEGRITY	100%	✓
27	SECURITY	100%	✓
28	SUPPLIER DIVERSITY	100%	✓



DETAILED REVIEW OF PREQUALIFICATION FORM

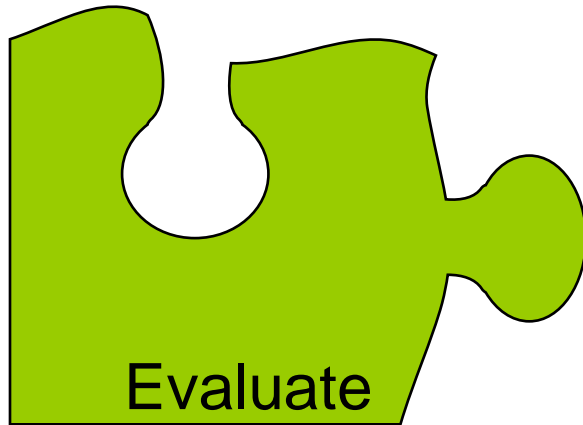


- What are we doing with the form?
- Look for inconsistencies
- Check references
- Verify contractors license status
- Verify incidence rates
- OSHA 300 Logs
 - Communication again is key here with respect to accurate data on the OSHA log





CONDUCT A DESKTOP AUDIT

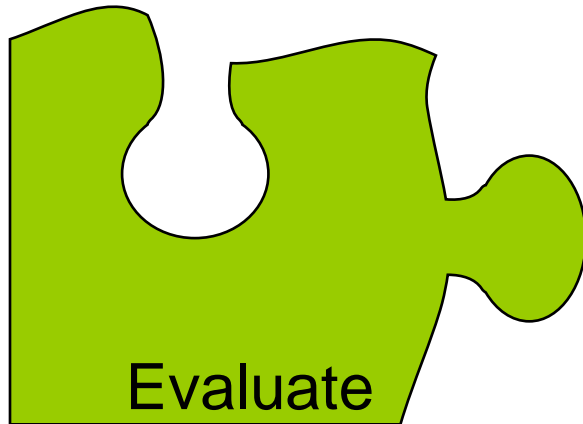


- Review the contractor's safety program
- Are the essential programs addressed based on the services that will be performed?
- Are the programs adequate?
- Are the programs specific to the contractor?





CONDUCT AN OFFICE AUDIT

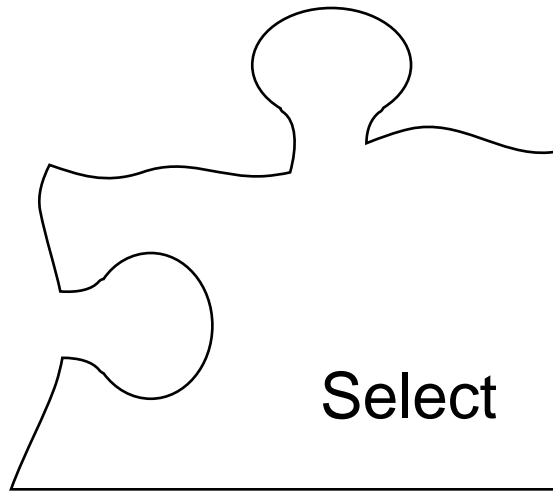


- Is the written program implemented?
- Are inspections of critical pieces of equipment being done?
- Is training that was covered in the written programs being conducted?
- Are JHAs, job-site inspections being completed?





WHAT IS THE COMMITMENT?

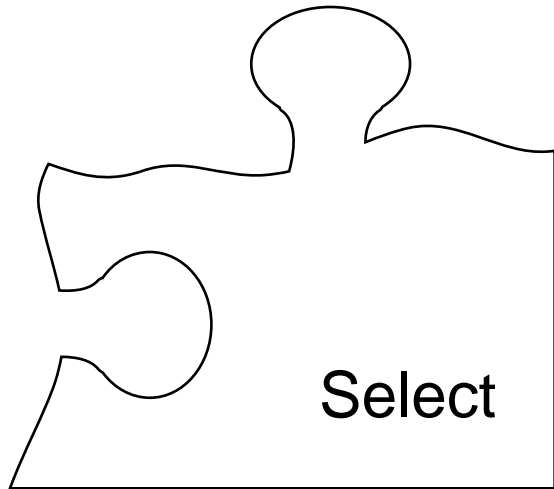


- Who is the gatekeeper?
- What is the enforcement?
- What is the formal wavier process?





SELECT YOUR CONTRACTORS

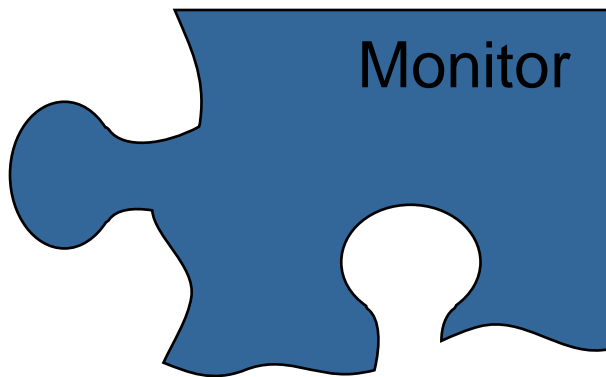


- Be courageous in selecting your contractors
 - Cost should not be the only factor
- Be clear that safety is just as important as other considerations when awarding the bid
- Help the contractors become a preferred vendor or strengthen the relationship you already have with them



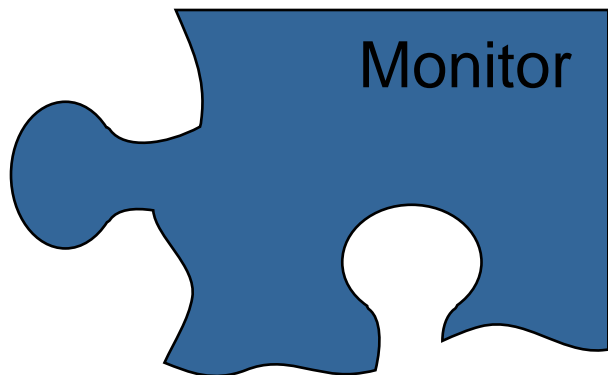


MONITOR YOUR CONTRACTORS



- Audit and monitor the work as it is being done
- Record safety evaluations and keep them on file
- Establish a re-evaluation criteria





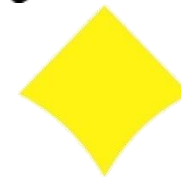
USE A DATABASE

- The best way to manage the vendor data is to use a database
- The database needs to be updated regularly
- Spreadsheets are possible, but need to be controlled
- Database can be shared with all necessary users
 - Database can also be consistently updated and the tool improved when used in a consortium



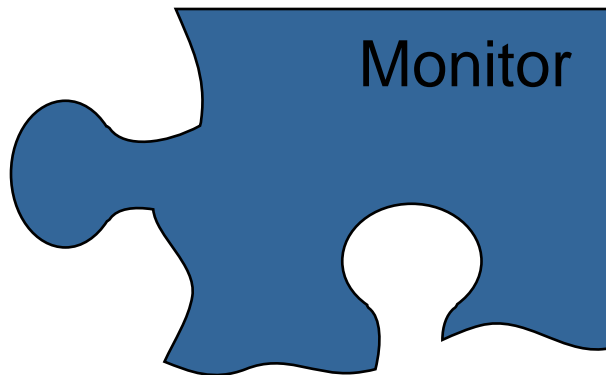


Consortium Members





USE A DATABASE – ADDITIONAL ADVANTAGES



- Consistency eliminates redundancy
- Database can ensure data is reviewed & current
- Internet interface can be used by all
- Compliance history can be kept and tracked
- Track compliance by both plant and regulatory standards





WHAT IS THE PAYOFF?

- Reduced Risk
- Higher Quality
- Cost Savings
- Contractor awareness with regulatory and best practices such as VPP and PSM
- Moving towards using leading indicators vs. lagging indicators (with data collection)
- Less paperwork for both owners and contractors
- Better relationships
- Instant information sharing
- Evergreen qualification

**CONTRACTOR SAFETY IS
THE RIGHT THING TO DO!**





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