

OCCUPATIONAL SAFETY AND HEALTH GUIDELINE ON CONTRACT MANAGEMENT



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I. GENERAL

- Introduction

- More outsourcing due to focus on core activities or need special skills eg. confined space, heavy lifting, scaffolding etc
- If contract does not contain clear OSH requirements, may expose workers to hazards
- Good OSH management in contract will reduce overall cost, increase quality and productivity as well as protecting the safety and health of workers



I. GENERAL

- **Purpose**
 - Provide guidance to employers or clients and contractors in managing OSH in contract situation
 - Recommends minimum OSH requirements for various stages of contract



I. GENERAL

- **Objectives**
 - Explain the importance of OSH requirements in contract
 - Define minimum OSH requirements including OSH plan at each stage of a contract
 - Define the roles and responsibilities of employer or client and contractor on OSH management

I. GENERAL

- Scope
 - All workplaces specify in First Schedule of OSHA
- Interpretation (eg)
 - Client - Means a company or person that issues a contract to a contractor
 - Contract(s) - Means an agreement between two parties by which both are bound in law and which can therefore be enforced in a court
 - Contractor - Means a company or person who has entered into a contract for the purpose of carrying out any work or part of the work as stated in contract or agreement



I. GENERAL

- **Legal Requirements**
 - Section 15 - General duties of employers and self-employed persons to their employees
 - Section 17 - General duties of employers and self-employed persons to persons other than their employees
 - Section 18 - Duties of an occupier of a place of work to persons other than his employees



I. GENERAL

- OSHMS 1722:2011 Requirements
 - Clause 3.3.7 OSH MS 1722:2011 regarding contracting ie *“Arrangements shall be established and maintained to ensure that the organisation’s safety and health requirements, or at least the equivalent, are applied to contractors and their employees.”*



I. GENERAL

- Arrangements include (Guideline on OSH MS, 2011):
 - OSH criteria in procedures for evaluating and selecting contractors
 - Establish effective ongoing communication and coordination between appropriate levels of the organization and the contractor prior to commencing work
 - Arrangements for reporting of work-related fatalities, injuries, disabilities, ill health, diseases and near misses
 - Provide relevant workplace safety and health hazard awareness and training to contractors
 - Regularly monitor OSH performance of contractor
 - Ensure that on-site OSH procedures and arrangements are followed by the contractor

2. OVERVIEW OF OSH CONTRACT PROCESS



PLANNING

- Identify Scope of Work
- List of Hazards
- Establish Contract Period

TENDER DOCUMENTATION

- Tender Documentation by Client
- Tender Proposal by Contractor

TENDER EVALUATION & AWARD

- Tender Evaluation
- Tender Award

2. OVERVIEW OF OSH CONTRACT PROCESS



COMMENCEMENT

- Pre-Commencement Meeting
- Commencement Audit

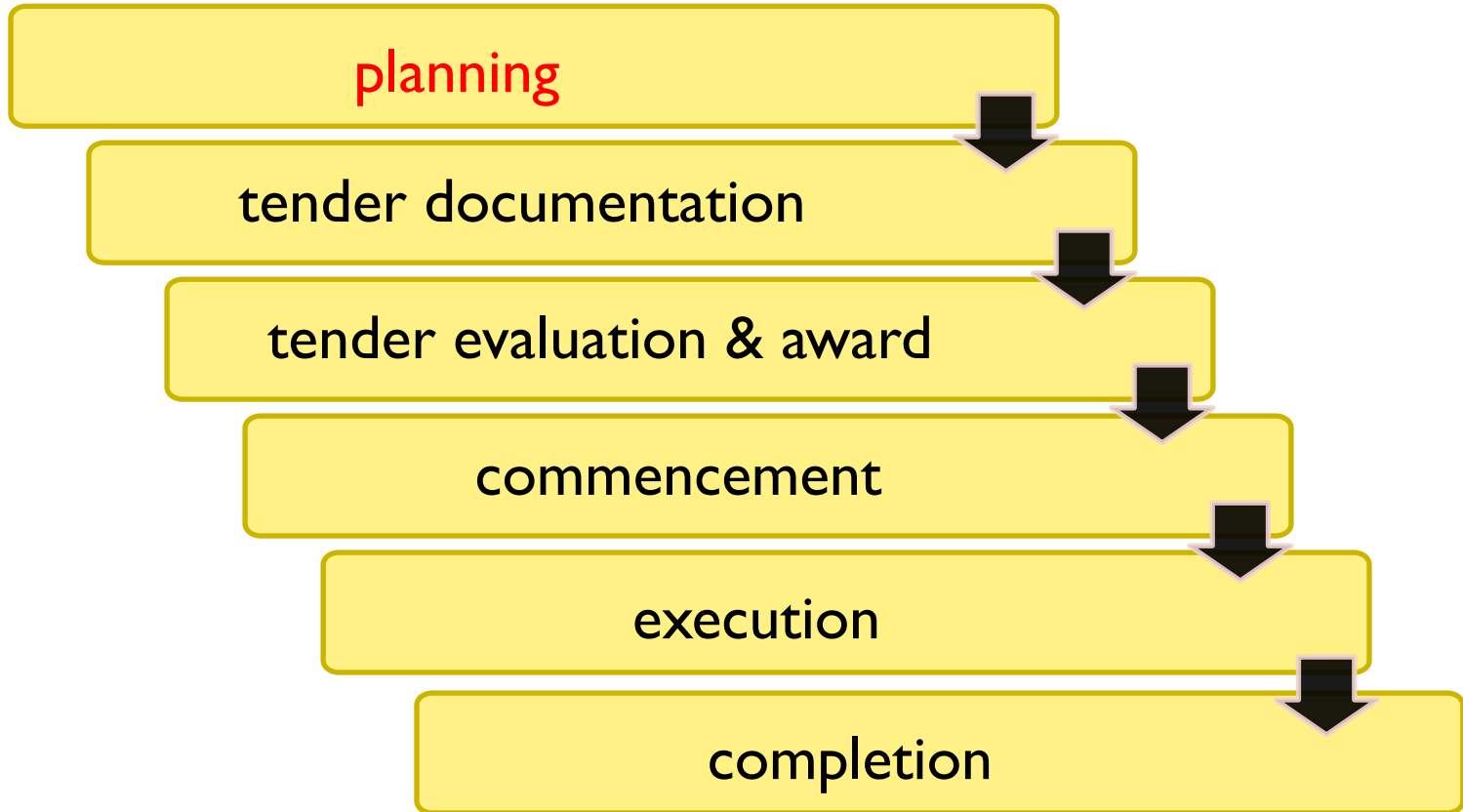
EXECUTION

- Monitoring OSH Performances
- Implement OSH Plan
- OSH Report

COMPLETION

- Closed-out Report
- Incorporate Report in New Contract

OSH CONTRACT PROCESS





3. PLANNING

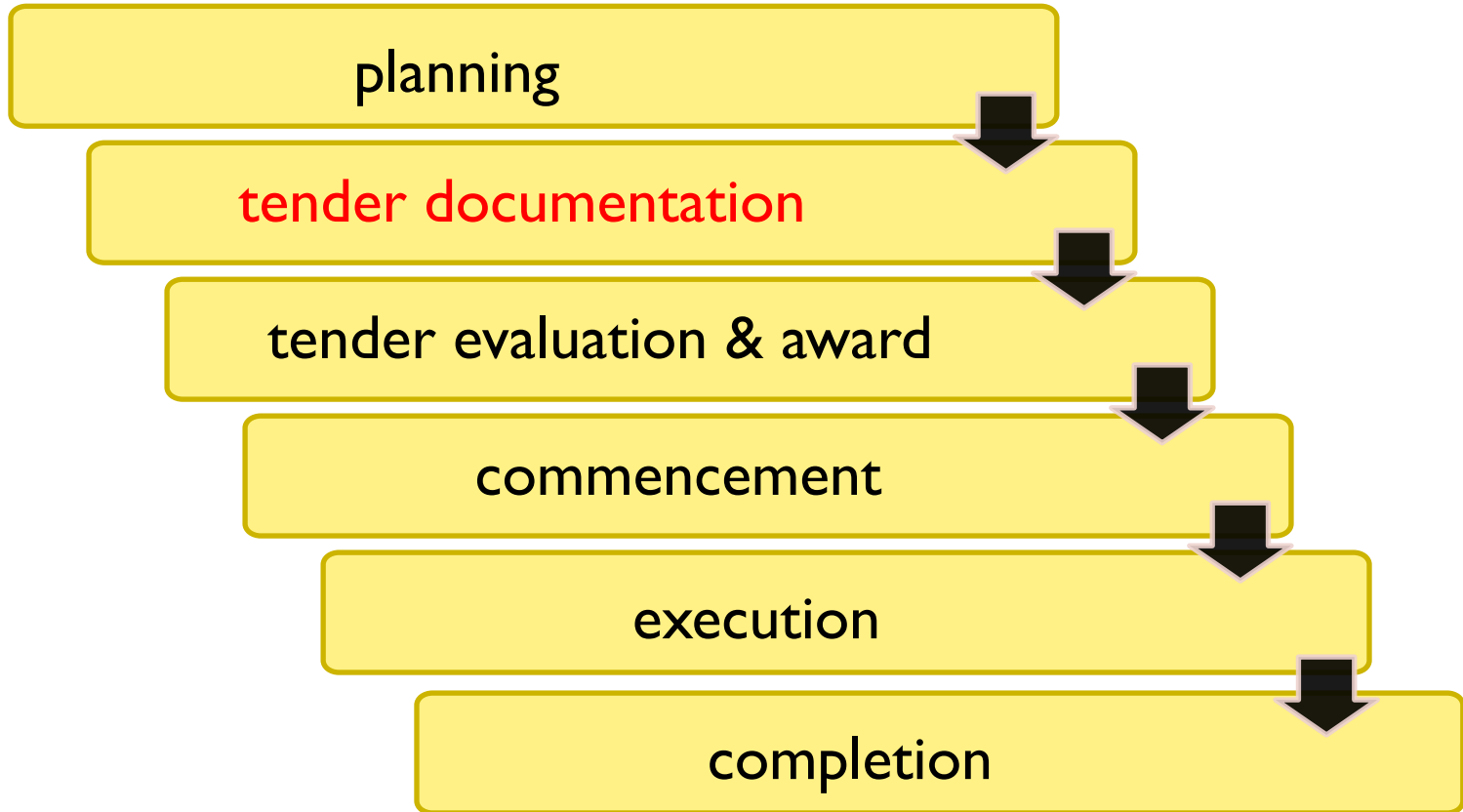
- **Scope of Work**
 - client is responsible for specifying the scope of work to be executed by providing necessary information and documentation such as:
 - Design Specifications
 - Standards
 - Drawings
 - Duration of work
 - Applicable Legal and other requirements
 - Logistics
 - etc



3. PLANNING

- **List of Hazards**
 - The main objective is to ensure significant hazards and risks associated with the works are identified. The information gathered from this list of hazards is communicated to all potential bidders which uses it to develop comprehensive OSH plan.
- **Contract Period**
 - Client should develop a contract period with consideration given to OSH plan and issues with adequate time allocated for pre-commencement planning, commencement, execution and completion

OSH CONTRACT PROCESS



4. TENDER DOCUMENTATION

- Tender Documentation by Client
 - site visit/briefing are advisable
 - To ensure contractor understand their expectation, client should provide:
 - OSH policy
 - OSH goals and objectives
 - Scope of work, list of hazards & contract period
 - Site OSH requirement
 - Types and schedule of OSH training and induction
 - Specifications of minimum client pre-commencement and commencement requirements

4. TENDER DOCUMENTATION

- Tender Documentation by Client
 - In addition, client may also include:
 - Contractor should establish and implement an OSH management system, the client has the right to verify
 - Provisions for suspending contractor's works by the client if contractor does not comply with OSH plan and requirements as per the contract. However, client should given them reasonable time to rectify the non-compliances
 - Contractor should be responsible for the effective implementation of their sub-contractors' OSH management system
 - Contractor OSH capabilities assessment (as per 4.1.1)
 - OSH cost (as per 4.1.2)

4. TENDER DOCUMENTATION

- Tender Documentation by Client
 - 4.1.1 Contractor OSH capabilities assessment
 - To screen potential contractors during contract evaluation process
 - Through OSH capabilities questionnaire (sample in [Appendix I](#))
 - Applied through
 - Interview
 - Fill in by contractor
 - Both

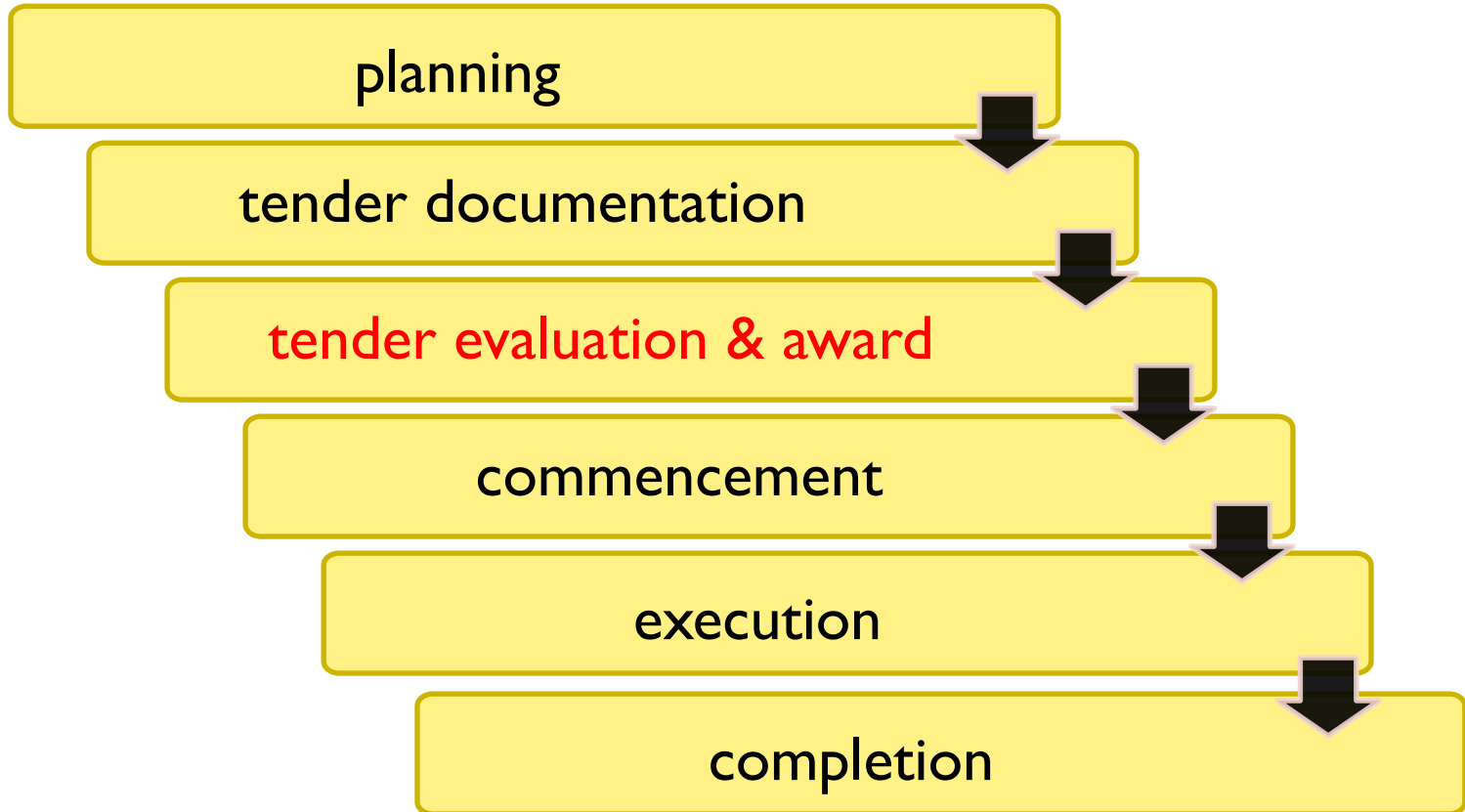
4. TENDER DOCUMENTATION

- Tender Documentation by Client
 - 4.1.2 OSH Cost
 - Tender documentation by client should provide a mechanism to allocate costs of implementing OSH requirements
 - OSH cost including:
 - OSH personnel
 - OSH meetings
 - OSH induction/training
 - Medical facilities
 - Safety equipment
 - PPE
 - Emergency response resources
 - Safety signage
 - OSH incentive/reward schemes

4. TENDER DOCUMENTATION

- Tender Proposal by Contractor
 - Main document is OSH Plan
 - OSH Plan should provide a clear indication of the policies, procedures, standards, etc to be adopted during all phase of the contract
 - Refer [Appendix II](#) as a guideline to prepare the OSH plan
 - Contractor should demonstrate their capability in:
 - Response/comply to OSH requirements requested by client
 - Development and implementation of OSH plan with its Person In Charge, targets and timeline
 - Hazard identification, risk assessment and risk control (HIRARC)
 - Implementation and maintenance of control measures for all hazards and risks identified

OSH CONTRACT PROCESS

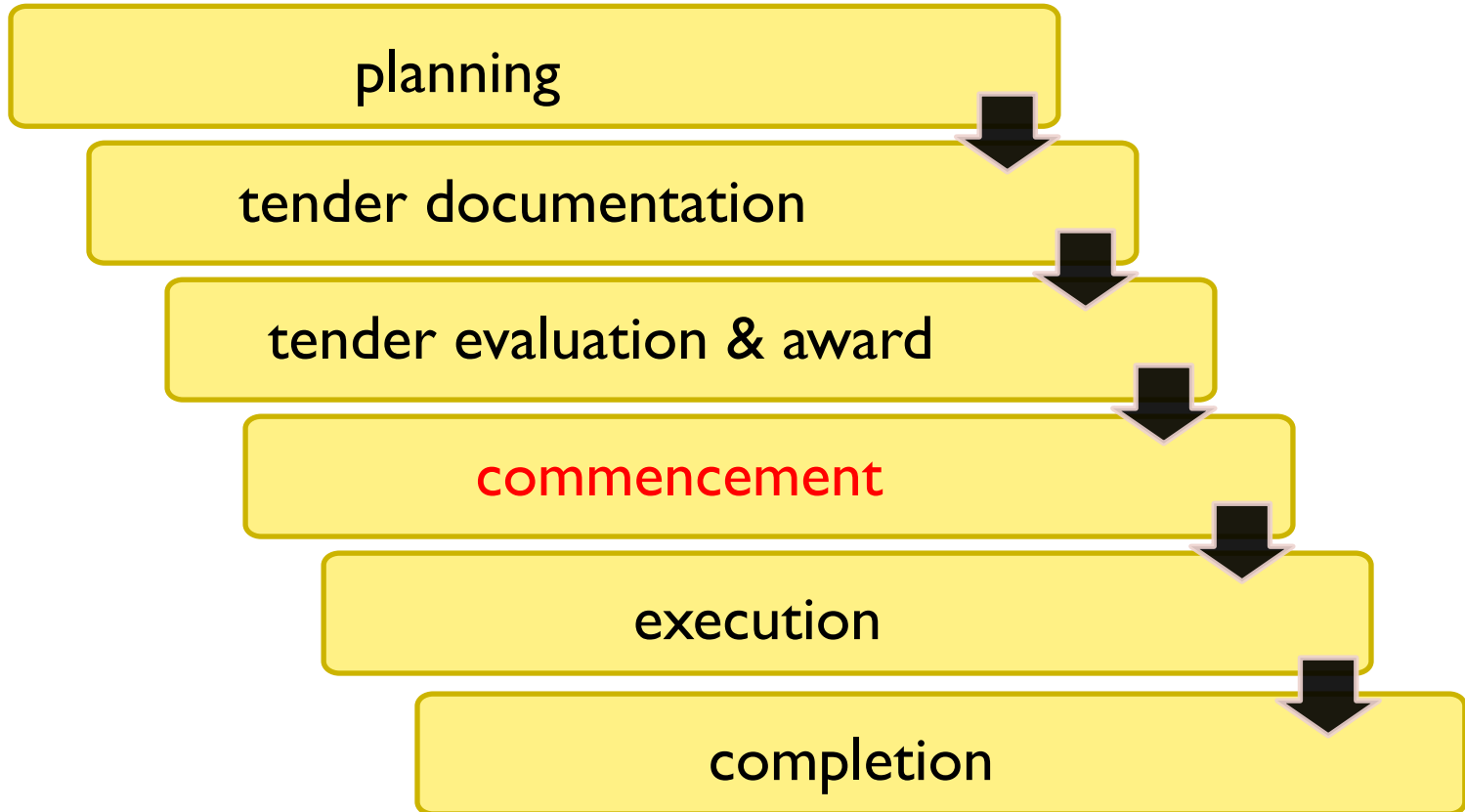




5. TENDER EVALUATION AND AWARD

- **Tender Evaluation**
 - should take into consideration:
 - OSH capability assessment results of contractors
 - Contractor's ability to implement OSH plan and manage the risk. (eg. past OSH performance, site assessment, etc)
 - Client has a right to obtain further explanation and clarification from contractors on information provided in their tender proposal
- **Tender Award**
 - joint meetings should be held as soon as possible to agree on the final details of the OSH Plan, OSH requirements and its implementation

OSH CONTRACT PROCESS





6. COMMENCEMENT

- **Pre-Commencement Meeting**
 - meeting and/or site visit should be carried out as it provides an opportunity for the contractor(s) to become familiar with the location, facility, personnel, and other related specific site requirements
 - an important interfacing step in enhancing common understanding and working relationship before execution of contract

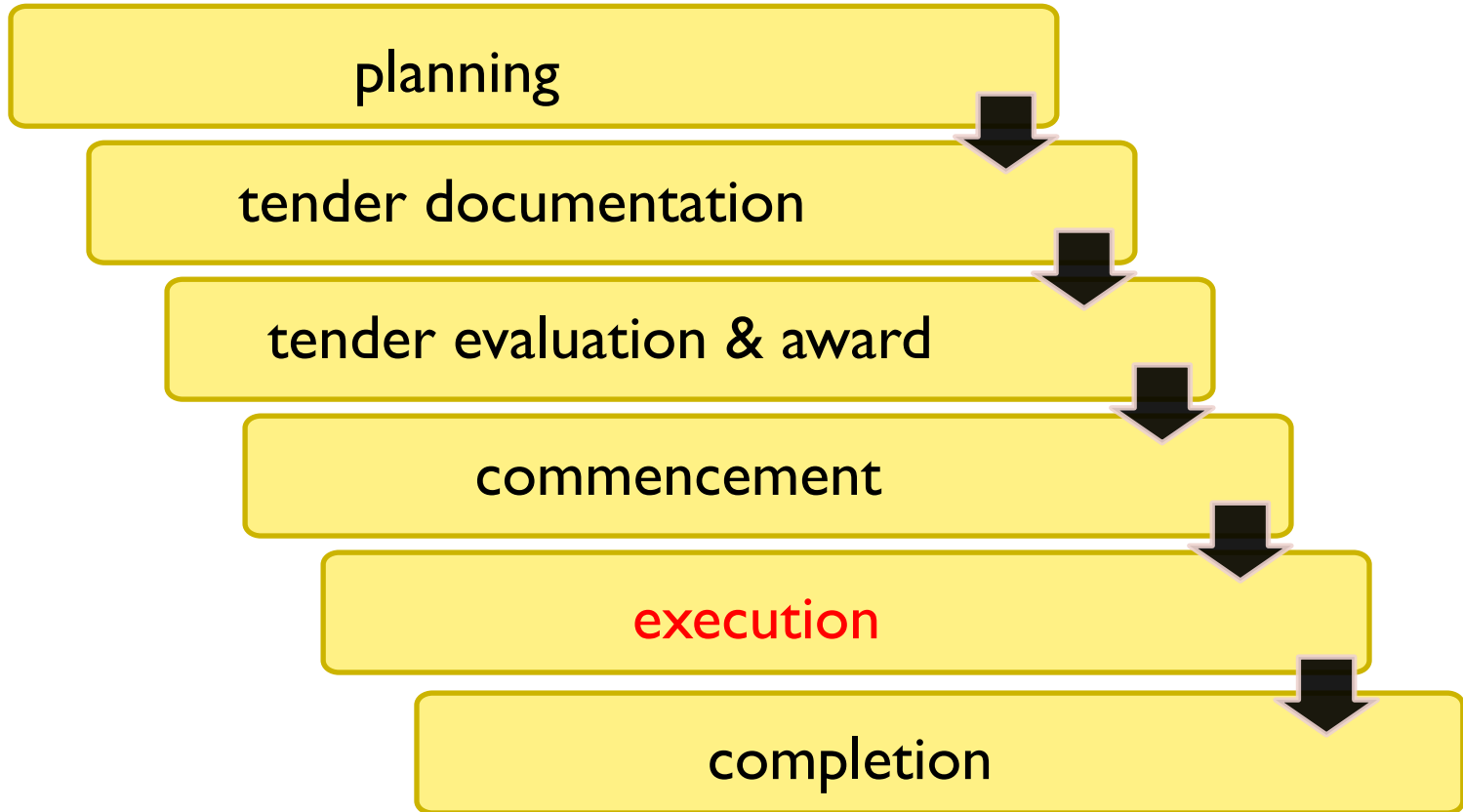
6. COMMENCEMENT

- Pre-Commencement Meeting
 - Topics to be covered include:
 - A review of associated hazards and control measures
 - Confirmation that the activities/deliverables described in the OSH Plan for completion before pre-commencement could be satisfactorily implemented
 - Verification of personnel competence
 - Confirmation of OSH objectives
 - Dissemination and communication of the OSH policy statement, basic OSH rules and work procedures as defined in the OSH Plan
 - Confirmation of the scope and schedule of OSH plan, e.g. OSH meetings, audits and reviews
 - Etc

6. COMMENCEMENT

- **Commencement Audit**
 - Audits or reviews against the OSH plan may be conducted to determine whether the objectives are being met
 - Can be accomplished by a joint client/contractor OSH field review or audit
 - Should be reviewed against the contractual terms and conditions including the OSH Plan
 - Appropriate actions should be taken which may include rectification, withholding permission to proceed or ultimately terminating the contract

OSH CONTRACT PROCESS





7. EXECUTION

- **Inspection and OSH Audits/Reviews**
 - Contractor internal inspections/audits and regular joint inspections by client and contractor representatives provide a means of compliance and performance verification against contract requirements
 - Joint inspection/audit program have the advantage of aligning objectives, enhancing common understanding and promoting constructive participation
 - The frequency of such inspections/audits depends on the levels of risks involved



7. EXECUTION

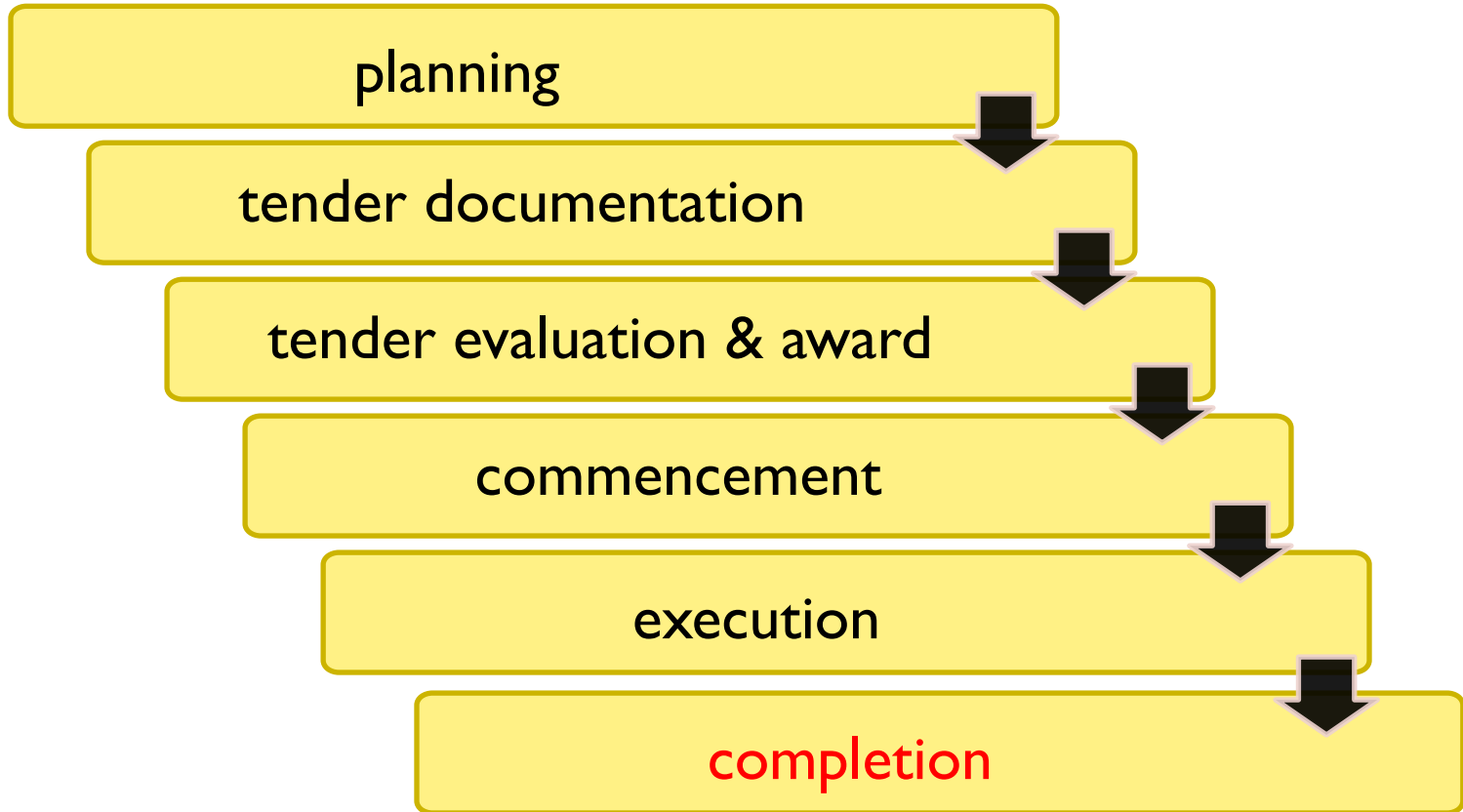
- Inspection and OSH Audits/Reviews
 - The client should obtain contractor's assurance on:
 - Contractor's management commitment to OSH issues
 - Compliance with all OSH related clauses in the contract and the OSH Plan
 - Performance achieved against agreed OSH objectives
 - The availability of contractor's OSH management systems and procedures
 - Competence assurance and management of change of key personnel
 - The contractor's toolbox and regular OSH meetings
 - The contractor's implementation and participation in emergency exercises and drills
 - Etc



7. EXECUTION

- OSH Regular Report
 - Contractor should submit the OSH report regularly to the client
 - Refer [Appendix III](#) as a sample.
 - The frequency of submission should be determined by the client

OSH CONTRACT PROCESS





8. COMPLETION

- **Completion Activities**
 - Often is a phase of a contract having an increased probability of incidents as the contract infrastructure and contractor OSH management structures are being dismantled with people moving off the contract to new assignments
 - Assurance should be sought that the appropriate organizational structures remain intact until associated activities have been completed
 - The client and contractor should continue to monitor performance against the OSH Plan, including particular attention to incident reporting



8. COMPLETION

- **Final Evaluation and Close-Out Report**
 - Contractor shall submit a comprehensive OSH close out report to the client covering the duration starting from contract award to client final acceptance
 - The close out report should cover OSH Plan, activities, OSH performance and lessons learnt of the project
 - Lessons learnt from close out report should be incorporated in the new contracts to ensure continual improvement and safe execution of contract



CONCLUSION

- Salient provisions of the guideline:
 - List of Hazards
 - Contractor OSH capabilities assessment
 - OSH Cost
 - OSH Plan
 - Inspection and OSH Audits/Reviews
 - OSH Regular Report
 - Final Evaluation and Close-Out Report



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