

**FMI**

# Conquering contractor compliance

Simple solutions to take contractor  
compliance from torture to triumph



# Contents

- Considering Contractor Compliance** **4**
  - The compliance conundrum
  - A two-way street
- Why do we care about compliance?** **5**
  - Keeping people safe
  - Managing regulatory risk
  - Managing business risk
- What do we mean by contractor compliance?** **6**
  - Federal Safety Commissioner
  - State based standards
  - Local
  - Organisation
- Compliance 101** **7**

**Licences** **8**

When is a licence required?

Licence considerations

**Accreditations** **10**

When is accreditation required?

Accreditation considerations

**Insurances** **12**

When is insurance required?

Insurance considerations

**Inductions** **15**

When is an induction required?

Induction considerations

**Permits** **17**

When is a permit required?

Permit considerations



# Considering Contractor Compliance



For many facilities managers, leveraging contractors is a key part of the job. The plethora of compliance activities required to engage contractors can be overwhelming, and often frustrating for facilities teams.

However, modern solutions have flipped the narrative, taking contractor compliance from torture to triumph. In this eBook, we look at how these solutions can take the pain out of contractor compliance, and create opportunities for business growth.

**As the pressure on facilities managers mounts, it's more important than ever to introduce efficiencies.**

## The compliance conundrum

Even the best of intentions can be suppressed by the sheer amount of work involved in ensuring complete compliance. The reality is, there are a lot of activities to co-ordinate, and a lot of information to manage.

Modern software solutions aren't a magic bullet for compliance, they can't remove any of the necessary considerations or activities. What they can do is streamline those activities into a logical flow, easily organising and recording necessary documentation.

This organisation and recording of information is critical to compliance, and yet it something that is exceptionally difficult with outdated processes. As a result, it's something that often becomes neglected.

## A two-way street

When it comes to working with contractors, there's more to it than facilitating a single positive transaction.

Contractors often face similar challenges to facilities teams in terms of compliance. Both facilities teams and contractors suffer paperwork pain in the name of compliance. Contractors must consider their own regulatory requirements, and the regulatory and policy requirements of the organisations they perform work for.

The reality is, paperwork is a pain for all parties. Adopting modern processes can ease the pain for not just your team, but the contractors you work with.

# Why do we care about compliance?



Compliance with regulatory frameworks is about so much more than just ticking a box.

## Keeping people safe

Everyone deserves a safe place to conduct work. Compliance requirements may sometimes feel like a drag, but the reason they exist is to try to ensure that nobody is hurt doing their job.

By improving your adherence to compliance requirements, you're reducing the risk that somebody will be hurt in your facility.

## Managing regulatory risk

Failure to comply with regulations can have serious adverse consequences. Depending on the nature of the infringement, the consequences for non-compliance can range from fines into the thousands, to jail time in the most serious cases.

## Managing business risk

Contractors will often seek to work only with businesses who have developed a reputation as being a safe place to work.

Everybody wants to go home safe from work, and complying with regulatory guidelines improves the chance of that happening. Whether your business is hoping to engage contractors, recruit talent, or seek investment, reputation matters.

Conversely, a reputation for being lax with adherence to regulation encourages bad actors. Contractors who view regulatory requirements as a waste of time prefer to work with organisations sharing a similar view.

# What do we mean by contractor compliance?



Whenever your organisation engages a contractor, there will be a set of requirements, from various bodies, that the engagement needs to align with. These requirements follow a hierarchy of Federal, State, Local, and Organisational Policies.

## Federal Safety Commissioner

In Australia, the **Federal Safety Commissioner** administers a scheme requiring building and construction companies to adhere to a range of operational and reporting practices, geared towards improving work site safety.

## State based standards

Following from the Federal legislation, laid out in the *Work Health and Safety Act* (2011), **each state has its own regulations, and codes of practice.**

## Local

Depending on the nature of the work being conducted, and the location of the site, your local government may have regulations in place to improve public safety. These can relate to anything from waste management, to fencing and building appearances.

## Organisation

Finally, your organisation will set safety standards and policies to align with their accepted risk level. The more risk adverse the organisation, the more stringent the policies put in place. These policies in a sense, dictate how closely company-mandated behaviours align with the government-mandated standards.

When we talk about compliance in this context, we're talking about whether an engagement between your organisation, and an external contractor, aligns with recommended standards.


# Compliance 101




Contractor compliance is an incredibly detailed and nuanced part of facilities management. Regulations filter down from a national, to state, to local, and finally an organisational level.

This eBook isn't a comprehensive guide to how to remain 100% compliant with every regulation and policy. Rather, what you'll find is a breakdown of five major compliance considerations that we hear clients struggling with.

**We'll provide an overview of the what and why of each of these areas, and explain how to take the pain away with simple, but powerful software solutions.**




**Licences**




**Accreditations**



**Insurances**



**Inductions**



**Permits**

# Licences



Depending on the type of contractor you are engaging, you'll likely need to check that they have a licence to perform the relevant work. These licences, administered by relevant authorities, permit contractors to perform work.

## When is a licence required?

Whether or not your contractor requires a licence will come down to the work they are being hired to perform. Cross check the work required with the national body, the **ABCC** and state building authorities to determine whether a licence is required.

Remember it isn't just trades that may require a licence. Some engineering works for example, will require a licence.

## Licence considerations

- Licence details recorded
- Licence numbers validated
- Expiration dates recorded and observed

When engaging a contractor, you need to determine that they hold a valid licence, and need to keep a record of that licence. This record is critical in the case of an audit, if an incident occurs, or if the work done is deemed to be unsatisfactory.

**It is also best practice to record these licences in asset histories, to ensure work conducted on the asset is traceable.**

In years gone by, recording these licence details have involved processes such as photocopying the physical licence, or writing down the licence number in a spreadsheet, or worse, a notebook.

While technically a record of the licence has been created, these processes create opportunities for human error. In addition, these processes are inefficient, and lack the opportunity modern solutions provide.



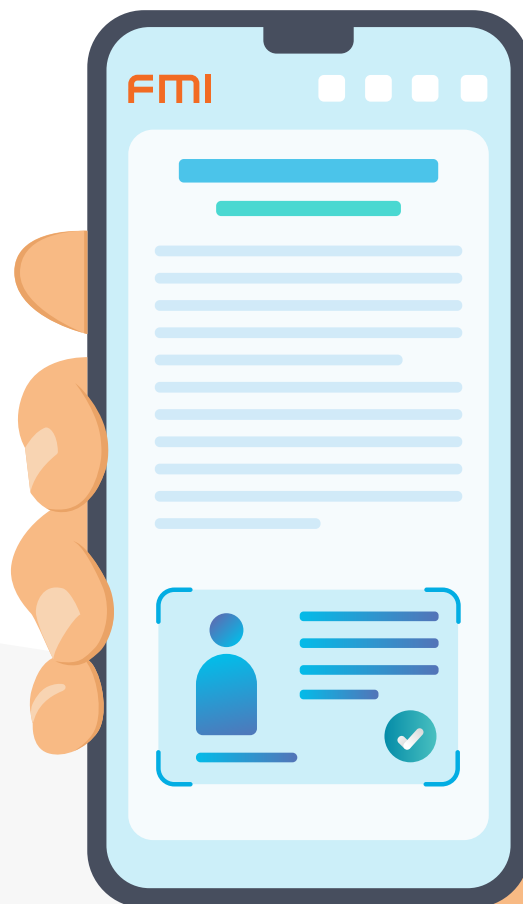
## Licence records, reimagined

Modern solutions, such as FMI Works, allow contractors to upload their credentials directly into the platform. Once the information is in the system, it can be automatically associated with each work order assigned to that contractor.

Recorded against the licence number is its expiration date. When that date approaches, the system will automatically flag that a licence renewal is required. If that date has passed, work will no longer be able to be assigned to that contractor, until licence renewal data is uploaded.

The responsibility of attaining a record of the contractor's licence details then, shifts back to the contractor themselves. While the facilities team may still need to go through a validation process, the information is now readily available.

**Importantly, the information is not just available, but is accessible to relevant users and recorded against relevant assets and works.**



# Accreditations



When engaging contractors to perform work on your facility, you want to ensure they can perform that work to an acceptable standard. This is where accreditation comes into play.

While licences tell you whether a contractor is legally able to perform the work, accreditations can give more insight into the quality of their work.

## When is accreditation required?

If your contractor holds a valid licence, accreditation is usually more of a nice to have, rather than a regulatory requirement. However, there will be specific contractors, such as engineers, whose accreditation acts like a licence for a particular line of work.

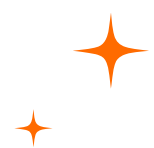
Who the relevant accrediting body is will vary depending on the nature of the contractor's work, and which state or territory you are in.

**For many larger organisations, accreditations are required to comply with internal policies.**

Accreditations, when not required by regulatory frameworks, are still often sought by facilities teams to "guarantee" a quality of work. By working with accredited suppliers, theoretically the risk of sub-par work, and resulting incidents is reduced.

## Accreditation considerations

- Accreditation number and association recorded
- Expiration dates recorded and observed
- Accreditation alignment with regulatory and organisational policies



Similar to licences, the majority of the pain surrounding accreditations is in the paperwork. Accreditations must be recorded against a particular contractor, validated against frameworks and policies, and stored in a manner through which they are later accessible.

**Just like licences, accreditations come with expiration dates that must be observed.**

### Acing accreditation

By leveraging a solution like FMI Works, accreditations can be recorded against a contractor's profile. This profile is then linked to any work order, or any asset, that the contractor performs work on.

As with the expiration dates for licences, expiration dates for accreditations are stored in the system. Notifications flag when an accreditation is about to expire, and work cannot be assigned to contractors who accreditations have lapsed.



# Insurances



Most people are familiar with the general concept of insurance, after all, most of us insure our cars, houses and health.

In the world of facilities management, insurance is absolutely critical, with certain types of insurance mandated by regulatory frameworks. Additionally, there are some insurances that while not technically mandated, you'd be mad to work without.

Insurance serves to protect your organisation against risk. From the perspective of contractors, it offers peace of mind that if something untoward was to happen in your facility, their team will be compensated appropriately.

## When is insurance required?

Before any contractor arrives on site, you should be checking that you're appropriately insured.

### Workers compensation insurance

In Australia, **workers compensation insurance is compulsory if you have employees**. This insurance protects your organisation from potentially huge financial loss if an employee is hurt while in your facility.

Payments from this coverage serve to pay the workers wage while they are unfit to work, and to cover any relevant medical expenses.

When it comes to working with contractors, you'll need to be certain that whoever employs them, has appropriate workers compensation insurance. If they're a sole trader, that means they'll have to have their own insurance.

It is critical that everyone working in your facility is appropriately covered by workers compensation insurance. Failing to do so exposes your organisation to an inordinate amount of risk.

## Public liability insurance

Public liability insurance is a little like CTP insurance on your car. It provides protection for your organisation in instances where you might be liable for negligence.

What specific risks are covered by public liability insurance will depend on your state or territory, and the kind of work being done. Importantly, public liability covers you for if third party death or injury occurs in your facility.

While not mandated for all businesses, realistically, the risks of not purchasing public liability greatly outweigh the cost.

Certain types of businesses will require public liability insurance to operate, so always check with your state authority.

## Professional indemnity insurance

Professional indemnity insurance is mandated in regulatory frameworks for certain types of businesses. Most notably in this instance, it provides coverage for when the results of a contract are not achieved.

The idea of professional indemnity insurance is to protect against damage caused by bad professional advice. For certain professions, such as engineering, it is mandated by regulators.

As with workers compensation insurance, it is generally the responsibility of the contractor to ensure they have an appropriate level of cover. However, when engaging the contractor, it is critical to ensure this insurance cover is in place, in case they fail to fulfil their obligations.

## Insurance considerations

- Required insurances
- Certificates of insurance
- Product disclosure statements
- Level of cover

The nuances of each different type of insurance vary wildly. There are many factors to consider when determining if your organisation is sufficiently insured.

Critically, once those assessments have been made, a paper trail must be forged. Without appropriate documentation, insurance isn't worth the paper it's printed on.

## Improving processes for insurances

Not even the most advanced solutions can perform a full insurance assessment on behalf of your organisation. However, when it comes to recording correct documentation, these solutions help to keep information organised.

Firstly, as with licences and accreditations, solutions such as FMI Works allow you to save a contractor's insurance information directly against their profile in the platform. The onus is shifted onto the contractor to upload all the relevant documentation, with work unable to be assigned to them until this task is completed.

Insurances, like accreditations and licences, will have an associated expiry date. These dates are recorded in the system, notify both the facilities team and the contractor are notified when the date approaches.

Contractor documentation recorded in the system can be linked to relevant work orders and asset histories. In the case of certain insurance claims, this can serve to save hours that would otherwise be spent retracing a paper trail.

For example, if your organisation has to make a negligence claim against a contractor, the asset history can be brought up within moments. Full details of asset performance before, and after the work just a click away.

While the hope is that a claim will never be necessary, preparing for the worst can save you considerable stress and heartache if an incident occurs.

Adjacent to the insurances discussed above, asset histories and information available on-demand in solutions such as FMI Works can provide value when it comes to attaining appropriate business insurance.



# Inductions



Inductions are a process businesses require individuals to undertake before any work commences. Typically, inductions are relevant to the Health and Safety of the worker and others around them, to avoid incidents, and/or to set out what to do if an incident does occur.

While in the case of contractors, accreditations, licences and insurances are largely driven by the contractor, inductions are the responsibility of your organisation. Safety inductions amalgamate recommendations from a national and state level, and contextualise these to your organisation's acceptable risk level.

## When is an induction required?

Internal staff, as well as contractors, should go through an induction process. For contractors, the inductions may be repeated every time they perform work at your facility.

For staff, the inductions should be repeated every few years so they are abreast of how processes have changed over time.

Each state and territory in Australia mandates emergency procedures are covered in an induction for anyone working in your facility.

## Induction considerations

- Provision of information
- Record of completion
- Point of reference

Inductions are necessary to keep contractors safe while in your facility, equipping them with the information they need to do their due diligence. From the organisation's perspective, this assists in minimising risk, this reduces the risk of an incident occurring.

If an incident is to occur, these inductions help to prove that reasonable steps were taken to ensure the safety of employees and contractors.

Inductions help to ensure contractors are aware of existing hazards and risks, and the safe work practices associated with these. Usually, inductions cover topics like safety equipment and processes.

Inductions usually require a large amount of information being provided to a contractor, which they are to read and understand before conducting any work at your facility.

Should an incident occur in your facility, it is critical to have a record of these inductions.

## Insights into inductions

Inductions play an important role in keeping people safe. However, sometimes even the best laid plans can go to waste. The importance of keeping comprehensive records of inductions cannot be understated. If an incident is to occur at your facility, these records represent significant risk mitigation for the business.

With the large amount of information needing to change hands, it's no surprise that induction processes generally come with large amounts of paperwork.

The more information and documentation there is however, the more difficult it is to keep it organised and filed in an accessible, useful format.

Solutions such as FMI Works allow you to put a digital induction package together for contractors performing work in your facility.

This digital package helps to keep all the information in one place, easily accessible by the contractors. From their perspective, this streamlines the process, providing them a single source of truth for that particular job.

**Additionally, completed induction paperwork can be filed into the system, against the contractors' details. Contractor details, stored against relevant work orders, make it easy to check what information was provided to a contractor with respect to a particular job or asset.**





# Permits



Work permits help to provide the safest environment possible for those conducting work. Before any work is conducted, all potential hazards should be considered and extensively documented.

Typically permits are required for work that could pose a danger to workers, without appropriate measures being taken. Permits to work detail potential hazards and the steps taken to mitigate these.

Best practice is to keep permits front-of-mind, and as a facilities team, ask “is a permit required” long before a work order is created.

## When is a permit required?

A variety of factors go into determining whether a permit is required for work. Factors to consider are the asset itself, where the asset is located, what is around it and more.

Any work that poses a potential hazard to someone’s health and safety will require a permit to work, however this is far from the deciding factor. A straightforward example, of a permit being required is if a contractor is working with hazardous substances.

A less obvious example however, could be a HVAC technician, working on an asset that is a certain height off the ground. The asset itself might not be considered particularly hazardous, but further consideration of context deems a permit necessary.

## Permit considerations

- Potential hazards
- Asset location and type
- Documentation of permits



Permits help to keep contractors safe on site, and are a big consideration in compliance, and the validity of insurances.

As the facilities team, you're responsible for determining whether a permit is required. If a permit is required, it then comes back to ensuring your contractors have obtained the necessary permit.

### Perfecting permit processes

**Adopting a modern solution can help facilities teams to manage the risks associated with permits.**

The first question is always "is a permit required". By utilising a solution like FMI Works, with a comprehensive asset register, the process of evaluating each asset and the type of work needed becomes more accessible.

Potential risks can be flagged against specific assets, notifying anyone associating that asset with a work order that a permit is required.

This is then recorded against the work order, and work is unable to be commenced until a permit is attained.

Contractors can upload permits directly into the system, streamlining the process of recording this vital information. Those details are then recorded against relevant work orders and assets, ensuring a comprehensive paper trail, should the need ever arise.





## How to get started

To find out how a solution like FMI Works can help to ease the burden of contractor compliance, speak to one of our experts today.

Visit our website to learn more about the FMI Works, and access our other resources.



[fmiworks.com](https://fmiworks.com)

