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| Process Safety Management Program |
| **Title:** Compliance Guidelines for Contractor Management  **Document #:** PSM-SY-UN-004 **Issued:** 08/01/14 |
| **Responsible Dept.:** EHS **Version:** New  **Approved By:** PSM Focus Group **Page:** 1 of 3 |

**1.0 Purpose:** This document summarizes the method The Pennsylvania State University uses to comply with the requirements relating to the Contractor Management Element of the Process Safety Management (PSM) Program.

**2.0 Scope:** The intent of this element is to select and use appropriate contractors performing maintenance or repair, equipment replacement or upgrades, major renovations, or specialty work on or adjacent to a covered process. It covers all contractor activities that have the potential for affecting the covered process. It does not apply to contractors providing incidental services which do not influence process safety, such as janitorial work, food and drink services, laundry, delivery or other supply services.

**3.0 Guidelines:** This element outlines the process for PSM contractor selection by Penn State who works on or around a covered process area. Only contractors who can accomplish the desired job tasks without compromising personal health and safety, the environment or process safety will be considered an authorized contractor.

Penn State will conduct a selection process prior to allowing contractors to bid work directly associated with a covered process area or adjacent to a covered process area if it can impact the process. The contractor qualification requirements will be defined including their experience, demonstrated technical / procedural knowledge and environmental, health and safety performance. In addition to on-going evaluation of project performance and where applicable a post project assessment of contractors working for Penn State, a periodic re-qualification process will be established. The initial qualification, evaluation and re-qualification will be outlined in the PSM Contractor Management Procedure (PSM-SOP-UN-004).

Through this element and prior to beginning any work, Penn State will inform contractors of the known potential fire, explosion, or toxic release hazards related to the contractor’s work and the covered process including applicable provisions of the site specific emergency action plan. This requirement covers all contractor employees who are going to work on the project.

As part of the contractor management program, proper site control associated with the entrance, presence and exit of contractors from the covered process area will be communicated to affected contract employers and Penn State employees working in the area. In addition, specific safe work practices will be developed through a project hazard assessment. The project hazard assessment is a critical component of the contractor management requirements and must be a defined robust process to assess risks and associated mitigating safe guards before contractor activities are to begin in the covered process area. Therefore, at a minimum the project hazard assessment will consist of the following items:

1. Task description – includes sufficient detail including tools required to complete task and identification of any special permits required (e.g. Hot Work, Confined Space Entry, Hazardous Line Break, etc.).
2. Identification of the group completing the work, including the name of all contractors on the project
3. Identification of potential hazards associated with the project and the mitigating safe guards that will be implemented to reduce hazards to an acceptable level
4. List of required Personal Protective Equipment (PPE) for the project
5. Project area inspection (pre-task)
6. Authorization to begin project (turn-over equipment)
7. Project area post inspection and authorization to return equipment to operation

A Penn State site employee or Project Leader will be designated as the primary individual responsible for contractor activities while they are performing work on-site.

All contractors covered by this program will be required to report any injury/illnesses related to their work in the covered area. The Process Safety Program Manager (PSPM) is required to maintain an injury/illness log for each contractor covered by this element.

The PSPM is required to periodically evaluate contractor’s performance within the requirements of this element and audit compliance to the PSM Contractor Management Procedure.

The Operations/Facility Manager is responsible for the Contractor Management program within their respective area(s) and assuring qualified contractors complying with these requirements are used for work on or around the covered process areas.

**4.0 Definitions:** The following definitions provide guidance regarding common issues surrounding the Contractor Management Element.

*Authorized Contractor –* a company or individual that will provide services, labor, materials, and tools to perform specific work under contract or purchase order and has provided the necessary information/data to be successfully approved by Penn State.

*Approved Entrant* – any employee or contractor that is familiar with the University PSM requirements, understands the safe work practices required within a covered process area, has received and understands the hazards associated with the covered process area and has received the appropriate hazard communications and specific emergency action plan training.

*Contractor –* a company or individual that will provide services, labor, materials, and tools to perform specific work under contract or purchase order for Penn State.

*Covered Process* - any process where a highly hazardous chemical / biological agent or extremely hazardous substance deemed by Penn State is used, handled or stored. This also includes critical process operations identified by the University that would benefit from PSM program implementation.

*Project Leader* – Penn State site employee responsible for contractor employee’s activities while performing working on-site.

*Project Hazard Assessment* – systematic method to identify the hazards associated with a defined project and determining the appropriate protection measures which must be employed to reduce the risk from occupational and process safety hazards.

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| Process Safety Management Program |
| **Title:** Contractor Management Procedure  **Document #:** PSM-SOP-UN-004 **Issued:** 09/30/2014 |
| **Responsible Dept.:** EHS **Version:** New  **Approved By:** PSM Focus Group **Page:** 1 of 8 |

**1.0 Purpose:** This document is intended to guide employees of The Pennsylvania State University (Penn State) in contractor selection, performance evaluation and establishing a framework of minimum safety, health and environmental requirements that must be met while working within Process Safety covered areas on Penn State premises or who represent Penn State at non-Penn State locations. This procedure is intended to maintain appropriate safe guards when contractors are working on or around covered process areas identified by Penn State.

**2.0 Scope:** The Contractor Management element requirements apply to all contractor activities that have the potential for affecting the covered processes identified by Penn State. Contractors that successfully meet the qualification criteria must consistently maintain appropriate EHS and process safety performance standards to be permitted to work on or around covered process areas. It does not apply to contractors providing incidental services which do not influence process safety, such as janitorial work, food and drink services, laundry, delivery or other supply services.

**3.0 Responsibility:** The following list of employees has specific responsibilities assigned to them in accordance with the requirements of the Contractor Management Program. Specific Budget Executives and Budget Administrators may assign these responsibilities to a Department or individual other than the one identified in this procedure as appropriate.

Budget Executives and Budget Administrators:

1. Primary responsibility to maintain a safe work environment within their jurisdiction, by monitoring and exercising control over their assigned areas.
2. Assign a representative from each academic and administrative unit to ensure compliance with this procedure.
3. Ensure Contractor Management responsibilities are carried out in the academic departments or administrative units for which they are responsible.
4. Monitor implementation of the Contractor Management program.

Director Energy and Engineering:

1. Ensure employees within their area(s) of responsibility understand and follow the Contractor Management requirements outlined in this procedure.
2. Select and award projects only to “authorized contractors” meeting program requirements.

Director Design & Construction:

1. Ensure employees within their area(s) of responsibility understand and follow the Contractor Management requirements outlined in this procedure
2. Select and award projects only to authorized contractors meeting program requirements.

Building Operations / Utility Engineers:

1. Identify projects within their respective area(s) that require the use of contractors covered by these requirements.
2. Assist with oversight of contractors working in covered process areas including conducting observations.

Supervisor, Area Services:

1. Identify projects within their respective area(s) that require the use of contractors covered by these requirements.
2. Take prompt corrective action when unsafe process safety conditions or practices are observed or reported.
3. Assist with oversight of contractors working in covered process areas including conducting observations.

Operations/Facility Manager:

1. Identify projects within their respective area(s) that require the use of contractors covered by these requirements.
2. Select and award projects to authorized contractors meeting program requirements.
3. Take prompt corrective action when unsafe process safety conditions or practices are observed or reported.
4. Assist with oversight of contractors working in covered process areas.

Safety Officer:

1. Coordinate implementation of the Contractor Management program within the work unit.
2. Ensure required training is provided to employees within the work unit.
3. Report Process Safety issues to appropriate line management and/or Process Safety Program Manager that may help eliminate or mitigate the consequences of releases in a covered process area.

Process Safety Program Manager – EHS Department:

1. Oversee all aspects of the University’s PSM Contractor Management program.
2. Coordinate, implement and document training programs related to the University’s PSM Contractor Management program.
3. Assure the appropriate qualification documentation is maintained on each contractor.
4. Periodically review the Contractor Management program, consult with program stakeholders and update the element requirements as appropriate.
5. Track and report metrics established for this element to affected groups and senior leadership as appropriate.
6. Coordinate auditing of Contractor Management program compliance.

Employees:

1. Adhere to the requirements of the Contractor Management program.
2. Conduct contractor observations during projects as appropriate.
3. Report Process Safety issues to appropriate line management and/or Process Safety Program Manager that may help eliminate or mitigate the consequences of a catastrophic release in a covered process area.

**4.0 Definitions:**

*Authorized Contractor –* a company or individual that will provide services, labor, materials, and tools to perform specific work under contract or purchase order and has provided the necessary information/data to be successfully approved to work on covered process areas by Penn State. Note: the requirements outlined within this program are in addition to the OPP Contractor Prequalification Requirements.

*Approved Entrant* – any employee or contractor that is familiar with the University PSM requirements, understands the safe work practices required within a covered process area, has received and understands the hazards associated with the covered process area and has received the appropriate hazard communications and specific emergency action plan training.

*Covered Process* - any process where a highly hazardous chemical / biological agent or extremely hazardous substance deemed by Penn State is used, handled or stored. This also includes critical process operations identified by the University that would benefit from PSM program implementation.

*Project Leader* – the Penn State site employee responsible for contractor employee’s activities while they are performing working on-site.

*Project Hazard Assessment* – systematic method to identify the hazards associated with a defined project and determining the appropriate protection measures which must be employed to reduce the risk from occupational and process safety hazards.

*Process Hazards* - these are fire, explosion, or the health or environmental effects resulting from the loss of containment of substances which present hazards by virtue of:

1. The inherent properties of the materials used,
2. Their potential reactions,
3. The process variables, or
4. The specific facility equipment employed

*Risk* - combination of the likelihood of an occurrence of a hazardous event or exposure(s) and the severity of injury or ill-health (or harm to the environment) that can be caused by the event or exposures.

**5.0 Procedure:** Penn State expects contractors performing work to operate a safe worksite. The following steps outline the requirements relating to the contractor selection, communications and project hazard assessments.

1. Only authorized contractors are allowed to work on covered process equipment or around covered process equipment if they have the potential to affect the process. To become authorized, contractors must meet certain minimum requirements relating to the following criteria:
   1. Technical / procedural knowledge related to project
   2. Required Insurance Limits
      1. Workers’ Compensation: Statutory
      2. Employers Liability: not less than $500,000 for each subcategory of coverage
      3. Commercial Automobile Liability: not less than $1,000,000 Combined Single Limit
      4. Commercial General Liability Insurance: not less than $3,000,000 per occurrence and $5,000,000 aggregate (which may be satisfied using excess/umbrella limits)
      5. Pollution Liability Insurance: not less than $5,000,000
   3. Health, Safety and Environmental performance
      1. OII Rate at or below industry average (BLS data on NAICS)
      2. EMR < 1.0
      3. Written EHS programs and employee training requirements
   4. Contractor Employee Background Check

Any Penn State employee can request a contractor to become authorized under these requirements. To initiate the process, the PSM Contractor Qualification Questionnaire Form (PSM- SOP-UN-004ata, Attachment A) should be completed by the contractor. The completed form along with the associated supporting documentation should be forwarded to the EHS Department. All required information must be provided with the submission to be evaluated. Failure to submit an accurate packet of all requested information will result in the contractor not being evaluated. If additional information is required to complete the contractor evaluation based on specific responses provided on the Questionnaire Form, it will be the responsibility of the requesting Penn State employee to ensure the contractor provides the additional data.

1. If the proposed contractor meets the requirements outlined in 5.1, they will be considered an authorized contractor for the submitted project and a notification letter will be issued by the EHS Department. Due to the technical aspects related to the various covered process areas, an authorized contractor for one project does not automatically authorize them for all projects. It will be up to the Project Coordinator / Project Manager, Operations / Facility personnel and equipment operators to evaluate if an authorized contractor within this program is qualified for additional projects.
2. If the proposed contractor does not meet the requirements outlined in 5.1, they will be notified via email by the EHS Department. In certain situations and depending on the specific project, a contractor may receive temporary authorization if an appropriate Corrective Action Plan or extenuating circumstances exist for a given project. For a contractor to receive temporary authorization, the Project Coordinator / Manager or appropriate Operations / Facility personnel and the EHS Department must approve of the contractor. Approval and the supporting documentation authorizing the contractor for the project will be included as part of the Qualification Form.
3. Authorized contractors are required to update and resubmit the Qualification Form each year to remain on the Process Safety Management Contractor list. In addition, contractors must receive acceptable ratings on Contractor Performance observations, which are completed periodically during a project by appropriate University representatives.
4. Prior to beginning any work on-site by an authorized contractor, certain information associated with the project and the covered process area must be communicated between the affected groups. The minimum information is summarized below:

Contractor

* 1. Project Overview – general outline of project scope, including timeline, personnel and equipment/chemicals that are required for the activity. A Site-Specific-Safety Plan (SSSP) could be used to satisfy the Project Overview requirement
  2. Identification of the individuals completing the work (names of all contractors working on the project) including on-site project supervisor with appropriate contact information (e.g. cell phone numbers, etc.).
  3. Identification of potential hazards associated with the project and the mitigating safe guards that will be implemented to reduce hazards

Penn State

* 1. Appropriate site access and communication requirements for covered process area
  2. Known potential fire, explosion, or toxic release hazards related to the contractor’s work and the covered process area
  3. Applicable provisions of the site emergency action plan
  4. Contractor EHS requirements while working on-site

The contractor information must be submitted to the appropriate Penn State Project Leader at least five (5) business days before the project is intended to begin. The Penn State Project Leader is to forward the appropriate information to the Operations / Facility personal and equipment operators prior to the project starting.

Documentation relating to this communication will be maintained by the appropriate contractor Project Leader for the specific project. Contractor training documentation will also be maintained by the EHS Department.

1. The on-going safe operation of all covered process areas is paramount and contractor work must be assessed based on the specific work activities or risks going on or around the covered process equipment prior to work commencing. To maintain safe work practices throughout the contractor project, a project hazard assessment must be completed prior to the start of each shift. This process is to identify potential risks associated with the specific contractor work activity and identify appropriate mitigating safe guards required. The project hazard assessment will consist of the following items:
   1. Task description – includes sufficient detail including tools required to complete task and identification of any special permits required (e.g. Hot Work, Confined Space Entry, Hazardous Line Break, etc.).
   2. Identification of potential hazards associated with the project and the mitigating safe guards that will be implemented to reduce hazards to an acceptable level
   3. List of required Personal Protective Equipment (PPE) for the project
   4. Project area inspection (pre-task)
   5. Authorization to begin project (turn-over equipment)
   6. Project area post inspection and authorization to return equipment to operation

The project hazard assessment is required to be documented through the use of the Safe Work Permit (SWP). The purpose of the SWP (Attachment B) is to document the project hazard assessment and authorize the start of work between the equipment operators and the contractor. The completed SWP will be filed and maintained by the Project Leader with other documentation relating to the project. The SWP will be retained for at least one year after the completion of the project.

1. The contractor will only utilize employees for Penn State projects that meet the requirements outlined within this program (e.g. Background Checks), maintain the appropriate level of competence to perform the project tasks and have received the appropriate training. Only contractor employees that meet these requirements will be deemed as an approved entrant into the covered process area. As appropriate Penn State reserves the right to request documentation from a contractor on licenses, certificates, or other proof of competency required for a specific task. Independent of Penn State requesting specific information, it is the responsibility of the contractor to maintain the appropriate documentation on competency for their employees working on Penn State projects. Due to the nature of the covered process areas, contractor re-evaluation and employee training is required annually.
2. The contractor is required to report any injury/illness related to their work within a covered process area to their Penn State Project Leader. The Process Safety Incident Reporting Form must be completed by the contractor or Penn State Project Leader and be submitted to the Process Safety Program Manager (PSPM). Depending on the severity of the incident, a team investigation that includes a member from the contractor company will be initiated according to the requirements provided in the Incident Investigation Element (#15). The PSPM is required to maintain an injury/illness log for each contractor covered by this element.
3. The contractor is required to immediately report a Process Safety incident that resulted in or could have resulted in, a release of a highly hazardous chemical or biological agent to their Penn State Project Leader. The Process Safety Incident Reporting Form must be completed by the contractor or Penn State Project Leader and be submitted to the Process Safety Program Manager (PSPM). The team investigation is required to begin within 48 hours of the incident in accordance with the requirements provided in the Incident Investigation Element (#15).
4. The contractor is required to report any unsafe conditions that they encounter immediately to the Operations / Facility personnel, Penn State Project Leader and/or equipment operators. Contractors are expected to immediately cease any activities if they believe there is an imminent hazard to themselves, other contractors, Penn State employees and students, equipment, or facilities.
5. Contractors are expected to abide by all applicable University rules and requirements while on-site. As the goal of the University is to work with responsible contractor firms, Penn State also reserves the right to remove contractors for unacceptable work/inappropriate conduct, such as, but not limited to, poor quality of work or serious EHS issues.
6. Sub-Contractors are covered by the Contractor Management requirements and must be an authorized contractor.
7. The performance of contractors and their employees while on-site shall be monitored and periodically documented through an observation process. To assist in this documented observation, the PSM Contractor Observation Form (Attachment C) should be used to capture they key performance criteria. The contractor observation can be conducted by any affected Penn State unit personnel that have had appropriate hazard recognition training (typically OPP personnel) including but not limited to Project Coordinator / Project Manager, equipment operators, Area Supervisors, or the EHS Department. Any issues or concerns identified during this observation process should immediately be communicated to the on-site contractor supervisor. If the identified issue represents an imminent health or safety threat, the observer is required to shut-down the specific operation immediately and contact the Penn State Project Leader, EHS Department and appropriate Facility personnel. Completed forms should be submitted to the Penn State Project Leader and PSPM. Depending on the size or length of the project, at least one observation should be conducted during the contractor’s on-site activities.

Issues identified during the observation require immediate action by the contractor. In addition, any significant issues noted during an observation will be communicated to the Penn State Project Leader and the contractor in writing through the PSM Contractor Notification Form (Attachment D). Based on performance of the contractor and their employees while on-site, repeated issues or serious failures to observe Penn State requirements can lead to revoking the contractors authorized status under this program. This can include a specific contractor employee being removed from a project and access to the Penn State covered process area revoked.

At the conclusion of significant projects and at the discretion of the Project Coordinator / Manager, the Office of Physical Plant (OPP) Design & Construction Division, Contractor Performance Evaluation (CPE) can be completed. Unlike the on-site performance observation referenced above, the CPE is completed at the conclusion of the project. The CPE process requirements and form are available through OPP’s Process Portal on-line.

1. The PSPM will periodically evaluate contractor’s performance within the requirements of this element and audit compliance to the PSM Contractor Management Procedure.

**6.0 Attachments**

* 1. Attachment A – PSM Contractor Qualification Form
  2. Attachment B – Safe Work Permit
  3. Attachment C – PSM Contractor Observation Form
  4. Attachment D – PSM Contractor Notification Form