



**Government of Western Australia  
Department of Training  
and Workforce Development**

**PRIORITY START  
COMPLIANCE AND AUDIT FRAMEWORK**

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## 1. OVERVIEW

The Western Australian State Government is committed to developing a strong training culture within the building and construction industry. The State Government, through the *Priority Start policy* (the policy), will use the awarding of government building, construction and maintenance contracts to increase the training commitment and future supply of skilled workers in the building and construction sector. The policy replaces the *Government building training (GBT) policy*.

To achieve this, head contractors awarded in-scope contracts are required to meet an industry average training rate each annual reporting period and at the end of the contract. For general building, construction and maintenance contracts, the training rate is 11.5%. For civil construction projects, the training rate is 5%. Civil construction contracts are those that have around an 80% civil construction work component.

## 2. COMPLIANCE

Compliance with the policy is monitored by contractors, contracting agencies and the Department of Training and Workforce Development (the Department) at multiple points throughout the contract reporting process. A summary of the compliance requirements is outlined in Table 1 below. A detailed outline of the compliance requirements and actions to be undertaken is provided in Appendix A.

**Table 1 - Summary of stakeholder compliance requirements**

Stakeholder	Compliance requirements and actions
<b>Head contractors</b>	<ul style="list-style-type: none"><li>• Ensure their subcontractors are aware of the policy and their reporting requirements.</li><li>• Collect apprentice, trainee and construction trades workforce information for their workforce and from subcontractors.</li><li>• Submit <i>Head contractor Priority Start report</i> to the contracting agency each reporting period and at the end of the contract.</li><li>• Participate in audits.</li></ul>
<b>Subcontractors</b>	<ul style="list-style-type: none"><li>• Ensure their subcontractors are aware of the policy and their reporting requirements.</li><li>• Collect apprentice, trainee and construction trades workforce information for their workforce and from subcontractors.</li><li>• Submit a <i>Subcontractor Priority Start report</i> to the head contractor on the date requested.</li><li>• Participate in audits.</li></ul>
<b>Contracting agency</b>	<ul style="list-style-type: none"><li>• Include Priority Start statements/clauses in all in-scope tenders/contracts.</li><li>• Review the <i>Head contractor Priority Start report(s)</i> to ensure all the fields have been completed prior to submitting them to the Department for verification.</li><li>• Review verified <i>Head contractor Priority Start reports</i> to assess and record compliance.</li><li>• Return verified reports to head contractors and advise on their compliance with the policy and the training rate achieved.</li><li>• Negotiate remedial action and apply sanctions for non-compliance, if required.</li><li>• Provide an implementation report to the Department each financial year.</li><li>• Audit head contractors.</li></ul>
<b>Department of Training and Workforce Development</b>	<ul style="list-style-type: none"><li>• Monitor construction and maintenance contracts on the Tenders WA website.</li><li>• Verify the number of apprentices/trainees provided in head contractor reports.</li><li>• Calculate the training rate for each <i>Head contractor Priority Start report</i>.</li><li>• Provide the validated data and the calculated training rate to contracting agencies.</li><li>• Provide an annual report to the Minister responsible for Training.</li><li>• Review the policy, supporting resources and the <i>Compliance and audit framework</i>.</li></ul>

### 3. AUDIT CONTEXT

The policy requires contracting agencies to audit head contractor compliance in accordance with the *Priority Start Compliance and Audit Framework* (the Framework). Audits will supplement the ongoing monitoring and compliance requirements.

Incorrect reporting affects the accuracy of a head contractor's training rate, which may give companies an unfair advantage. The accuracy of head contractor's construction trades workforce reporting depends on the data received from subcontractors. Checks are required to ensure it is accurate, complete and not understated. This requires a rigorous validation process. An audit provides the opportunity to independently review and verify the information submitted by head contractors and their subcontractors in their Priority Start reports, and to check the reliability of processes and procedures used in implementing the policy. Any issues identified through the audit will be used to assist contractors to improve their reporting processes.

Auditing head contractor reports and their implementation of the policy will:

- confirm the subcontractors that worked on the contract during the reporting period;
- verify the number of construction trades workers working for the contractors engaged on the project; and
- investigate any irregularities identified in the reporting process.

Audits will not be used to collect information that does not relate to the scope of the policy.

### 4. AUDIT RESPONSIBILITIES

#### 4.1 Head contractor and subcontractor responsibilities

For audit purposes, the policy requires head contractors and subcontractors to keep supporting information used to calculate the reported number of apprentices/trainees and construction trades workers for a minimum of two years from contract completion.

As a party to a contract in scope of the policy, the head contractor and subcontractors they engage agree to:

- permit the contracting agency or its duly appointed representative to inspect, verify and make copies of all records maintained by them for the purposes of the contract;
- permit the contracting agency or its duly appointed representative to undertake a review of their performance in meeting their obligations under the policy;
- ensure that its employees and subcontractors give all reasonable assistance to any person authorised to undertake an audit; and
- ensure that the information or documentation provided to the agency or auditor is accurate, comprehensive, sufficiently detailed and not misleading or deceptive.

#### 4.2 Contracting agency responsibilities

Contracting agencies are responsible for auditing head contractors. Contracting agencies must ensure the audit process is transparent, objective and repeatable.

To conduct the audit, contracting agencies may:

- conduct a joint audit with one or more contracting agencies using a common contractor;
- use the services of their internal auditor; or
- outsource the function to an external auditor.

The audit function is managed and funded by the relevant contracting agency, unless otherwise negotiated with another agency. Audits will be conducted in line with the *Audit guidelines* provided in Appendix B.

## 5. AUDIT SELECTION AND FREQUENCY

Contracting agencies should undertake a risk assessment to determine which contracts are to be prioritised for audit. In undertaking the assessment, contracting agencies may consider the risk factors outlined in Appendix B, as well as any agency-identified risks factors.

The need and regularity of an audit will vary according to the number of contracts each contracting agency manages. Contracting agencies with more than one contract will be required to select one head contractor for audit each year. A head contractor should only be audited once every five years, unless there are sufficient grounds to audit more or less frequently.

## 6. SANCTIONS

If non-compliance or potential risk is identified through on-going monitoring or an audit, the contracting agency will advise the head contractor and request information regarding their plan to rectify the issues.

It is good practice for the contracting agency to:

- advise the head contractor of the compliance issues, rectification requirements, timelines and any potential sanction;
- allow the head contractor to respond to the situation in a timeframe which is consistent with the terms of the contract;
- confirm in writing when the issues have been resolved, or of any outstanding issues or of sanctions to be applied;
- keep a record of all actions and sanctions applied, including the date applied and if/when the sanction ceases to be in effect; and
- for continuous improvement purposes, notify all in-scope head contractors and the Priority Start Implementation Working Group of the issues and how they were resolved, without identifying the head contractor or the contract.

## 7. REVIEW OF THE FRAMEWORK

This Framework will be reviewed and updated to align with any review of the policy.

## 8. APPENDICES

Appendix A - Compliance requirements and actions required

Appendix B - Audit Guidelines

Appendix C - Evidence approach

## APPENDIX A: COMPLIANCE REQUIREMENTS AND ACTIONS REQUIRED

Frequency	Stakeholder	Compliance requirement and action required ( <i>policy reference in brackets</i> )
Ongoing	Contracting agency	<ul style="list-style-type: none"> <li>• Include Priority Start statements/clauses in all in-scope tender documentation and contracts, specifying head contractor requirements. (Section 6.5.1)</li> </ul>
Monthly	Department of Training and Workforce Development	<ul style="list-style-type: none"> <li>• Identify potential in-scope contracts published on the Tenders WA website and other relevant procurement websites.</li> <li>• Advise relevant agencies of the in-scope contracts and ensure they are aware of the policy requirements. (Section 6.6)</li> </ul>
Annually	Head contractors	<ul style="list-style-type: none"> <li>• Ensure subcontractors are aware of the policy and their reporting requirements.</li> <li>• Collect apprentice/trainee and construction trades workforce information from all subcontractors engaged on the project each reporting period and at the end of the contract, via a <i>Subcontractor Priority Start report</i>.</li> <li>• Complete a <i>Head contractor Priority Start report</i> and submit it to the contracting agency no later than one month after the contracted reporting period.</li> <li>• Participate in compliance audits and address non-compliance, if required. (Section 6.2.2)</li> </ul>
	Subcontractors	<ul style="list-style-type: none"> <li>• Ensure their subcontractors are aware of the policy and their reporting requirements, where applicable.</li> <li>• Collect apprentice/trainee and construction trades workforce (CTW) information from all subcontractors they engage each reporting period, via a <i>Subcontractor Priority Start report</i>.</li> <li>• Complete a <i>Subcontractor Priority Start report</i> and submit it to the head contractor/subcontractor by the due date.</li> <li>• Participate in compliance audits and address non-compliance, if required. (Section 6.3)</li> </ul>
	Contracting agency	<ul style="list-style-type: none"> <li>• Review <i>Head contractor Priority Start reports</i> and submit these to the Department to verify apprentice /trainee (A&amp;T) information, within 10 business days of receiving the head contractor report. (6.5.5)</li> </ul>
	Department of Training and Workforce Development	<ul style="list-style-type: none"> <li>• Verify the number of in-scope A&amp;Ts against the Western Australian Apprentice Management System (WAAMS).</li> <li>• Adjust the number of CTWs according to the verified number of A&amp;Ts and re-calculate the training rate. (Section 6.6)</li> </ul>

Frequency	Stakeholder	Compliance requirement and action required ( <i>policy reference in brackets</i> )
Annually	Department of Training and Workforce Development	<ul style="list-style-type: none"> <li>• Provide the verified <i>Head contractor Priority Start reports</i> to contracting agencies to review. (Section 6.6).</li> </ul>
	Contracting agency	<ul style="list-style-type: none"> <li>• Review head contractor compliance against the contracted training rate, including any approved variation, using the verified data provided by the Department.</li> <li>• Return Priority Start reports to contractors and advise of their compliance with the policy and the training rate achieved, within 10 business days of receiving the verified report from the Department. <b>Note:</b> Contractors are required to meet the training rate each reporting period except where building, construction or maintenance work: <ul style="list-style-type: none"> <li>○ commenced 3 months prior to the end of the annual reporting period; or</li> <li>○ is completed less than 3 months after the end of the annual reporting period.</li> </ul> </li> <li>• Negotiate remedial action to be undertaken by the head contractor, if required.</li> <li>• Determine if any sanction is to be applied, as per the contractual arrangements. (Section 6.5.5)</li> <li>• Provide an implementation report each financial year to the Department by 30 September, using the template provided on the Department’s website at <a href="http://dtwd.wa.gov.au/prioritystart">dtwd.wa.gov.au/prioritystart</a> (Section 6.5.5).</li> </ul>
	Department of Training and Workforce Development	<ul style="list-style-type: none"> <li>• Provide a report to the Minister responsible for Training based on the verified data collected from <i>Head contractor Priority Start reports</i> and annual policy implementation reports submitted by contracting agencies.</li> <li>• The report will outline the Department’s and the contracting agencies’ implementation of the policy, including: <ul style="list-style-type: none"> <li>○ a summary of the contracts in scope;</li> <li>○ the number of contracts compliant with the policy;</li> <li>○ an analysis of A&amp;T and contractor data;</li> <li>○ the number of variation and appeal applications and subsequent outcome(s);</li> <li>○ any sanctions applied for non-compliance, if applicable. (Section 6.6) and</li> <li>○ the number of audits and identified compliance issues.</li> </ul> </li> <li>• Review the policy, including: <ul style="list-style-type: none"> <li>○ implementation,</li> <li>○ training rates;</li> <li>○ in-scope A&amp;Ts and CTW occupations;</li> <li>○ resources for stakeholders; and</li> <li>○ the <i>Compliance and audit framework</i> (Section 9).</li> </ul> </li> </ul>

## **APPENDIX B: AUDIT GUIDELINES**

### **Auditor credentials**

Auditors engaged for a Priority Start audit must not hold office or have a commercial or any other interest in the head contractor's company(s) or any of the subcontractors that may influence them or conflict with their independence. The auditor must not be involved with the contract or tender in any way, to ensure there is no perceived or actual conflict of interest.

An auditor is to have the appropriate credentials to undertake audit activities and conduct the audit honestly, fairly, professionally, independently and objectively.

### **Frequency and number of contracts to audit**

Contracting agencies are required to select one head contractor for audit each year. The need and regularity of an audit will therefore vary according to the number of contracts each contracting agency manages.

A head contractor should only be selected for audit once every five years, unless there are sufficient grounds to audit more or less frequently.

### **Audit sample**

Contracting agencies should undertake a risk assessment to determine which contracts are to be prioritised for audit. Contracting agencies should consider the following factors, as well as any agency-identified risk factors, when selecting a head contractor/contract for audit:

- audit history – in the last five years has the contractor been audited by:
  - your agency and were any concerns identified; and/or
  - another contracting agency;
- compliance history – has the head contractor had sanctions applied for other contracts; and
- training rate – a verified training rate under or well in excess of the contracted training rate or approved variation.

There may be circumstances where the contracting agency extends the audit sample to include all contracts held by the selected head contractor.

Contracting agencies should ensure that over time both metropolitan and regional contracts are selected for audit.

### **Confirming contractors to be audited**

The contracting agency must advise the Department of contractors chosen for audit. The Department will maintain a list of contractors that have been audited to ensure a contractor with contracts across multiple agencies, is not subjected to repeated audits.

### **Audit approach**

The audit process must be transparent, objective and repeatable. It may be conducted as a:

- site visit audit, where the auditor will review evidence at the premises of the head contractor and/or subcontractors; and/or
- desk-top audit, where the contractor and/or contracting agency provides evidence to the auditor.

Where an audit involves a site visit, the most appropriate site(s) will need to be determined, if the records, systems and/or key personnel are based at a location other than the head office.



The contracting agency must provide sufficient information to the auditor to conduct the audit in relation to the following:

- contact details for the head contractor;
- a copy of the *Head contractor Priority Start reports* submitted for the past two reporting periods;
- any additional information provided by the head contractor; and
- details of any concerns raised by the contracting agency or contractor.

## Audit process

Agencies should commence the audit no later than three months after the head contractor's report due date. The contracting agency should provide a minimum of two weeks' notice to the head contractor indicating their selection for audit and the auditor's details. The auditor will contact the contractor's nominated person to coordinate the audit. It is recommended that audits be avoided at certain times of the year, such as holiday periods and peak reporting times such as the end of financial year.

The head contractor is to provide sufficient evidence to the auditor for review and verification in relation to the contract selected for audit, as outlined in Appendix C. The audit should be completed in close liaison with the contractor at all times and a clear explanation provided of the documentation required and the process to be undertaken. A head contractor must be provided with the opportunity to present supplementary evidence where the initial sampled evidence provided is inaccurate or incomplete.

On completion of the fieldwork and prior to writing the report, auditors should verbally advise head contractors of issues (if any) identified through the audit. Head contractors must be provided the opportunity to respond and present further evidence, where possible.

## Audit report

The auditor will provide a report to the contracting agency, which contains:

- a description of the systems and procedures established, including the identification of relevant documentation and responsible positions;
- a discussion on how compliance is managed to address the policy requirements;
- details of any non-compliance or potential non-compliance;
- verification of the accuracy of the construction trade workers reported for the contract; and
- summary of findings to be provided to the contractor by the contracting agency.

The auditor will retain all working papers on file, including all records demonstrating the development of the auditor's published opinion for seven years. Where requested, this should be provided to the contracting agency for retention in line with its recordkeeping procedures.

## Report distribution

The auditor will provide the final audit report to the contracting agency. The contracting agency will provide a summary of the findings to the head contractor.

Audit reports should not be shared with parties outside of the contract, unless permitted under the terms of the contract.

### **Preventing non-compliance**

As part of a continual improvement process, contracting agencies must advise all their in-scope head contractors and the Priority Start Implementation Working Group, via the Department, of:

- data collection/compliance issues identified in the audit; and
- how the issues can or have been addressed, without identifying the head contractor or the contract that was audited.

### **Monitoring contracting agency compliance**

The Department will monitor contracting agency compliance with this framework.

## APPENDIX C: EVIDENCE APPROACH

Head contractors		
Description	Areas to check	Possible source of evidence
<b>Head contractor Priority Start report</b>	<ul style="list-style-type: none"> <li>All levels of subcontractors listed on the <i>Head contractor Priority Start report</i>, not just those directly contracted by the head contractor, were working on the project during the reporting period.</li> </ul> <p><b>Note:</b> Suppliers with no in-scope construction trades workers (CTWs) are not included in the audit.</p>	<ul style="list-style-type: none"> <li>Subcontractor contracts.</li> <li>Head contractor and subcontractor Priority Start reports.</li> <li>Invoices confirming subcontractor engagement on the contract during the reporting period.</li> </ul>
<b>Subcontractor contracts and communication</b>	<ul style="list-style-type: none"> <li>Priority Start clause included in subcontractor contracts, where applicable.</li> <li>Communication with subcontractors outlines responsibilities under Priority Start.</li> </ul>	<ul style="list-style-type: none"> <li>Subcontractor contracts.</li> <li>Communication to subcontractors regarding the policy requirements.</li> </ul>
<b>Construction trade workers</b>	<ul style="list-style-type: none"> <li>Reported CTWs only includes in-scope occupations, of employees working in WA for the head contractor and subcontractors during the reporting period.</li> <li>Reported GTO/skill hire apprentices/trainees (A&amp;Ts) only include in-scope A&amp;Ts working in WA for the head contractor and subcontractors, during the reporting period.</li> </ul>	<ul style="list-style-type: none"> <li>Processes/methods used to collect and collate information for their company and all subcontractors.</li> <li>Tax or company records identifying employment of in-scope construction trades workers.</li> <li>Head contractor and subcontractor Priority Start reports</li> <li>Emails from subcontractors with A&amp;T and CTW numbers.</li> <li>Invoices showing payments to group training organisations (GTOs)/skill hire companies.</li> </ul>
<b>Reporting</b>	<ul style="list-style-type: none"> <li>Reports are submitted by the date requested.</li> <li>Evidence of data collected to calculate the training rate each reporting period is retained for a minimum of two years from contract completion.</li> </ul>	<ul style="list-style-type: none"> <li>Email to agency with report submission date.</li> <li>All emails, contractor reports and other documentation that show the number of A&amp;Ts and CTWs reported, are retained.</li> </ul>

<b>Subcontractors</b>		
<b>Description</b>	<b>Areas to check</b>	<b>Possible source of evidence</b>
<b><i>Subcontractor Priority Start report</i></b>	<ul style="list-style-type: none"> <li>• All levels of subcontractors listed on the <i>Subcontractor Priority Start report</i>, not just those directly contracted by the subcontractor, were working on the project during the reporting period.</li> </ul>	<ul style="list-style-type: none"> <li>• Subcontractor contracts.</li> <li>• <i>Subcontractor Priority Start reports</i>.</li> <li>• Invoices confirming subcontractor engagement during the reporting period.</li> </ul>
<b>Subcontractor contracts and communication</b>	<ul style="list-style-type: none"> <li>• Priority Start clause included in subcontractor contracts.</li> <li>• Communication with subcontractors outlines responsibilities under Priority Start</li> </ul>	<ul style="list-style-type: none"> <li>• Subcontractor contracts.</li> <li>• Communication to subcontractors regarding the policy requirements.</li> </ul>
<b>Construction trade workers</b>	<ul style="list-style-type: none"> <li>• Reported CTWs only includes in-scope occupations, of employees working in WA for the head contractor and subcontractors during the reporting period.</li> <li>• Reported GTO/skill hire apprentices/trainees (A&amp;Ts) only include in-scope A&amp;Ts working in WA for the head contractor and subcontractors, during the reporting period.</li> </ul>	<ul style="list-style-type: none"> <li>• Processes/methods used to collect and collate information for their company and all subcontractors.</li> <li>• Tax or company records identifying employment of in-scope construction trades workers.</li> <li>• Head contractor and subcontractor Priority Start reports</li> <li>• Emails from subcontractors with A&amp;T and CTW numbers.</li> <li>• Invoices showing payments to GTOs/skill hire companies.</li> </ul>
<b>Reporting</b>	<ul style="list-style-type: none"> <li>• Reports are submitted by the date requested.</li> <li>• Evidence of data collected to calculate the training rate each reporting period is retained for a minimum of two years from contract completion.</li> </ul>	<ul style="list-style-type: none"> <li>• Email to the head contractor or subcontractor with report submission date.</li> <li>• All emails, contractor reports and other documentation that show the number of A&amp;Ts and CTWs reported, are retained.</li> </ul>