



Government of Western Australia
Department of Training
and Workforce Development

PRIORITY START
COMPLIANCE AND AUDIT FRAMEWORK

EFFECTIVE: SEPTEMBER 2023

VERSION: 2.1

CONTENTS

1.	OVERVIEW.....	1
1.1	<i>Priority Start Policy</i>	1
1.2	Purpose of this framework.....	1
1.3	Review of framework.....	1
2.	COMPLIANCE	1
3.	AUDIT	3
3.1	Objective	3
3.2	Rationale	3
3.3	Audit purpose	3
3.4	Audit Scope.....	3
3.5	Responsibilities	4
	APPENDIX: AUDIT GUIDELINES	5

1. OVERVIEW

1.1 *Priority Start Policy*

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.

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.

1.2 Purpose of this framework

This framework outlines the compliance and audit requirements of the policy including the responsibilities of all stakeholders (head contractors, subcontractors, the Department of Training and Workforce Development (the Department), contracting agencies and auditors.

This *Priority Start Compliance and Audit Framework* (the Framework) must be read in conjunction with the *Priority Start Policy* (the policy).

1.3 Review of framework

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

2. COMPLIANCE

Compliance ensures the requirements of the policy are being met. Compliance with the policy is monitored by contracting agencies and the Department at multiple points throughout the contract reporting process. A summary of the compliance requirements for each stakeholder is outlined in Table 1 below.

Table 1: Stakeholder compliance requirements

Stakeholder	Compliance requirements (and frequency)
Head contractors (Refer to <i>Priority Start Policy</i> Section 6.2)	Annually: <ul style="list-style-type: none"> • Ensure subcontractors are aware of the policy and their reporting requirements. • Collect apprentice/trainee (A&T) and construction trades workforce (CTW) 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> where possible. • Collate subcontractor data, 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. • Meet the required target training rate – 5% civil construction; 11.5% building construction • Retain supporting information used to calculate the reported number of A&Ts and CTWs for a minimum of two years from contract completion. As required: <ul style="list-style-type: none"> • Participate in compliance audits and address non-compliance, if required. (See Framework Section 3)

Stakeholder	Compliance requirements (and frequency)
Subcontractors (Refer to <i>Priority Start Policy</i> Section 6.3)	<p>Annually:</p> <ul style="list-style-type: none"> Ensure their subcontractors are aware of the policy and their reporting requirements, where applicable. Collect A&T and construction trades workforce CTW information from all subcontractors they engage each reporting period, via a <i>Subcontractor Priority Start Report</i> where possible. Collate subcontractor data, complete a <i>Subcontractor Priority Start Report</i> where possible, and submit it to the head contractor/subcontractor by the due date. <p>As required:</p> <ul style="list-style-type: none"> Participate in compliance audits and address non-compliance, if required. (See Framework Section 3)
Contracting agency (Refer to <i>Priority Start Policy</i> Section 6.5)	<p>Ongoing:</p> <ul style="list-style-type: none"> Include Priority Start model clauses available in all in-scope tenders and contracts, specifying head contractor requirements. (Section 6.5.1) <p>Annually:</p> <ul style="list-style-type: none"> Review <i>Head Contractor Priority Start Reports</i> for completeness and submit these to the Department to verify A&T information, within 10 business days of receiving the head contractor report. Upon receipt of verified report from the Department, review head contractor compliance against the required training rate. Return verified Priority Start reports to contractors and advise of their compliance with the policy/training rate achieved, within 10 business days of receiving the verified report from the Department. Negotiate remedial action required with head contractors, if required. As per the contract, determine if any sanction is to be applied. Provide an implementation report each financial year to the Department by 30 September, using the template provided on the Department's website at www.dtwd.wa.gov.au/prioritystart. Audit head contractors.
Department of Training and Workforce Development (Refer to <i>Priority Start Policy</i> Section 6.6)	<p>Monthly:</p> <ul style="list-style-type: none"> Identify potential in-scope contracts published on the Tenders WA website and other relevant procurement websites. Advise relevant agencies of the in-scope contracts and ensure they are aware of the policy requirements. <p>Ongoing:</p> <ul style="list-style-type: none"> Review <i>Head Contractor Priority Start Reports</i> submitted via contracting agencies to: <ul style="list-style-type: none"> verify the number of in-scope A&Ts against the Western Australian Apprentice Management System (WAAMS); adjust the number of CTWs according to the verified number of A&Ts and recalculate the training rate; and provide the verified Head contractor Priority Start reports to contracting agencies to review. Review in-scope A&Ts list. Maintain register of in-scope qualifications. <p>Annually:</p> <ul style="list-style-type: none"> Provide a report to the Minister Training based on the verified data collected from <i>Head Contractor Priority Start Reports</i> due in the financial year, and annual policy implementation reports submitted by contracting agencies. The report will outline the Department's and the contracting agencies' implementation of the policy, including: <ul style="list-style-type: none"> a summary of the contracts in scope; the number of contracts compliant with the policy; an analysis of A&T and contractor data; the number of variations applications/variations and outcome(s); any sanctions applied for non-compliance, if applicable; and the number of audits and identified compliance issues. <p>Bi-annually:</p> <ul style="list-style-type: none"> Review the policy and Compliance and Audit Framework, including: <ul style="list-style-type: none"> implementation; target training rates; in-scope A&Ts and CTW occupations; and resources for stakeholders.

3. AUDIT

The policy requires contracting agencies to audit head contractor compliance in accordance with this Framework. Audits supplement the ongoing monitoring and compliance requirements.

3.1 Objective

Audits are a part of ongoing monitoring and compliance. The objective of the audit is to ensure compliance by head contractors and subcontractors with the policy reporting requirements.

3.2 Rationale

Incorrect reporting affects the accuracy of a head contractor's training rate, potentially resulting in non-compliant application of the policy. There are inherent risks in the collection and reporting of the head contractor's construction trades workforce as head contractors are dependent on the data received from subcontractors being accurate, complete and not understated. If, for example, a subcontractor that worked on the contract during the reporting period is not included or the number of construction trade workers working for the contractors engaged on the project is incorrect, this impacts the accuracy of the target training rate.

The accuracy of the construction trades workforce figure is difficult to confirm without 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.

3.3 Audit purpose

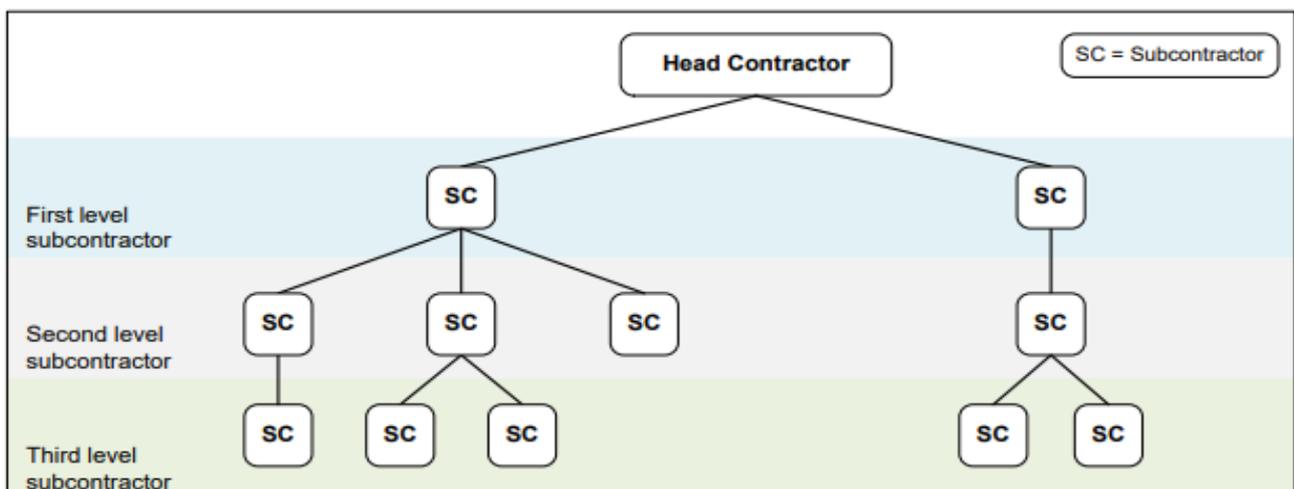
The purpose of a Priority Start audit is to report on the audit scope 3.4 below (also stated in the audit evidence guide 8). This is to ensure the data is accurate, to confirm that policy compliance is accurately represented.

The purpose of the audit is not to make recommendations for changes to policy.

3.4 Audit Scope

Audits will not be used to collect information that does not relate to the scope of the policy. Auditing head contractor reports is required to:

1. **Confirm the head contractor** is implementing the policy in line with requirements.
2. **Confirm the subcontractors** (at all levels) that worked on the contract during the reporting period (see diagram below)



3. **Confirm the apprentice/trainee** numbers reported by Group Training Organisations (GTOs).
4. **Confirm the number of construction trades workers** working for the contractors engaged on the project (see (b) in training rate calculation below). The head contractor and all subcontractors provide their number of CTWs in the report. These numbers need to be checked to ensure the correct workers have been included in the report – check for the correct number of CTWs and that the worker is in scope.

$\text{Training Rate} = \frac{\text{(a) number of in-scope construction apprentices/trainees in training in WA}}{\text{(b) number of in-scope construction trades workers in WA}} \times 100$

5. **Verify the training rate** (based on the sampled contractors ONLY).

3.5 Responsibilities

A summary of the audit responsibilities for each stakeholder is outlined in table 2 below.

Table 2: Stakeholder audit responsibilities

Stakeholder	Audit responsibilities
Head Contractors & Subcontractors	<ul style="list-style-type: none"> • Permit the contracting agency or its duly appointed representative to: <ul style="list-style-type: none"> ○ inspect, verify and make copies of all relevant records maintained by them for the purposes of the contract. ○ 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. • Ensure that the information or documentation provided to the agency or auditor is accurate, comprehensive, sufficiently detailed and in no way misleading or deceptive.
Contracting agency	<ul style="list-style-type: none"> • Undertake a risk assessment to determine which contracts are to be prioritised for audit. • Engage auditor/s to audit. • Ensure the audit process is transparent, objective and repeatable. • Manage and fund the audit, unless otherwise negotiated with another agency. • Conduct audits in line with the Appendix: Audit Guidelines (see Appendix) - the need and regularity of audit will vary according to the number of contracts each contracting agency manages. • It is good practice for the contracting agency to: <ul style="list-style-type: none"> ○ 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.
Department of Training and Workforce Development	<ul style="list-style-type: none"> • Maintain a list of audited head contractors and subcontractors. • Report high level audit findings to the Minister responsible for training in the Annual report. • Assist auditor with the audit process as required.

APPENDIX: AUDIT GUIDELINES

These guidelines outline the audit process for both contracting agencies coordinating the audits and auditors engaged to undertake an audit.

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 these guidelines.

1. 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, 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.

2. 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 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.

3. Audit sample

Contracting agencies should undertake a risk assessment to determine which contracts are to be prioritised for audit. Contracting agencies should ensure that over time both metropolitan and regional contracts are selected for audit.

3.1 Sampling of head contractors

The following factors, as well as any agency-identified risk factors, should be considered when selecting a head contractor 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 previously had sanctions applied for Priority Start non-compliance;
- training rate – a verified training rate under or well in excess of the contracted training rate or approved variation
- contract value and length; and
- any agency-identified risks factors.

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

3.2 Sampling of subcontractors

The auditor should consider the following factors, as well as any agency-identified risk factors, when selecting subcontractors for audit:

- verified figures for directly employed apprentices and trainees where large variances are noted by DTWD in verified reports;
- 'nil' reported figures.

The auditor should obtain a list, as well as evidence, of all subcontractors working on the contract. If known, the length, value and time since working on the contract should also contribute to the selection of subcontractors to be audited.

4. Confirming contractors to be audited

The contracting agency must submit the contractor chosen for audit to the Department. 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.

5. Audit methodology

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 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.

The head contractor is required to collate all supporting evidence relating to the head contractor and subcontractor Priority Start reports.

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.

6. Audit information

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.

7. Audit process

7.1 Pre audit

1. Agencies should commence the audit no later than three months after the head contractor's report due date.
2. 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.
3. 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.

7.2 Audit

4. 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 **table 3 below**.
5. 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.
6. A head contractor must be provided with the opportunity to present supplementary evidence where the initial sampled evidence provided is inaccurate or incomplete.

7.3 Post audit

7. 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.
8. Head contractors must be provided the opportunity to respond and present further evidence, where possible.

8. Audit evidence guide

The audit evidence approach guide the audit scope, areas to check and possible source of evidence is outlined in Table 3 below.

Table 3: Audit evidence approach

Head contractors		
Audit scope	Areas to check	Possible source of evidence
1. Confirm head contractor is implementing the policy in line with requirements.	<ul style="list-style-type: none"> • Priority Start policy clause is included in subcontractor contracts, where applicable. 	<ul style="list-style-type: none"> • Subcontractor contracts
	<ul style="list-style-type: none"> • Communication with subcontractors outlines responsibilities under Priority Start policy. 	<ul style="list-style-type: none"> • Communication to subcontractors regarding the policy requirements
	<ul style="list-style-type: none"> • <i>Head Contractor Priority Start Report</i> is submitted on time to contracting agency. 	<ul style="list-style-type: none"> • Email to agency with report submission date.
	<ul style="list-style-type: none"> • <i>Head Contractor Priority Start Report</i> has been prepared for the appropriate reporting period according to their contract. Reporting periods are either: <ol style="list-style-type: none"> a) annual - 12 monthly from contract anniversary date or for the financial year – this is dependent on which agency is issuing the contract; b) final (from date of last annual report through to contract completion); noting that a final report is not required if completion is within 3 months of the last annual reporting period. 	<ul style="list-style-type: none"> • <i>Head Contractor Priority Start Report</i>
	<ul style="list-style-type: none"> • The verified report confirms the required training rate has been met. 	<ul style="list-style-type: none"> • <i>Verified Head Contractor Priority Start Report</i>
	<ul style="list-style-type: none"> • Evidence of data collected to calculate the training rate each reporting period is retained for a minimum of two years from contract completion. 	<ul style="list-style-type: none"> • All emails, contractor reports and other documentation that show the number of A&Ts and CTWs reported are dated with regard to the reporting period in question.
2. Confirm the subcontractors working for the head contractor on the contract, during the reporting period.	<ul style="list-style-type: none"> • Ensure each subcontractor listed on the Head Contractor Priority Start Report worked for the head contractor on the contract. • Ensure each subcontractor that worked directly for the head contractor is listed on the <i>Head Contractor Priority Start Report</i>. Noting subcontractors should be listed even if: <ol style="list-style-type: none"> a) they have no construction trades workers (CTWs) in scope of the policy; or b) CTW information was not supplied by the subcontractor for inclusion in the report. 	<ul style="list-style-type: none"> • <i>Head Contractor Priority Start reports</i> • Subcontractor contracts • Invoices confirming subcontractor engagement during the reporting period

3. Confirm the A&Ts reported by Group Training Organisations (GTOs)	<ul style="list-style-type: none"> • Ensure the reported A&Ts identified in the report as being employed by a GTO/skill hire company were: <ol style="list-style-type: none"> a) working for the contractor identified in the report; and b) during the reporting period. 	<ul style="list-style-type: none"> • <i>Head Contractor Priority Start reports</i> • Verified report data (to be provided by the Department) • Invoices showing payments/receipts to group training organisations (GTOs)/skill hire companies which identify the contractor and A&T in question.
4. Confirm the number of construction trades workers working for the contractors engaged on the project are a) the correct number of CTWs; b) in scope of the policy	<ul style="list-style-type: none"> • Ensure reported CTWs numbers are correct, and include only employees working in WA in the occupations in-scope of the policy for the head contractor and subcontractors during the reporting period. Refer to in-scope lists. 	<ul style="list-style-type: none"> • Processes/methods used to collect and collate information for their company and all subcontractors. • Tax or company records identifying employment of in-scope construction trades workers. • <i>Head Contractor and Subcontractor Priority Start Reports</i> • Emails from subcontractors with A&T and CTW numbers.
5. Verify the training rate (based on the sampled contractors ONLY)	This is limited by the sampling nature of an audit. It is NOT possible to confirm a training rate unless every subcontractor working on the contract is audited.	

Subcontractors

Audit scope	Areas to check	Possible source of evidence
1. Confirm subcontractor is implementing the policy in line with requirements.	<ul style="list-style-type: none"> • Priority Start policy clause is included in subcontractor contracts, where applicable. 	<ul style="list-style-type: none"> • Subcontractor contracts
	<ul style="list-style-type: none"> • Communication with subcontractors outlines responsibilities under Priority Start policy. 	<ul style="list-style-type: none"> • Communication to subcontractors regarding the policy requirements
	<ul style="list-style-type: none"> • <i>Subcontractor Priority Start Report</i> is submitted on time to the head contractor. 	<ul style="list-style-type: none"> • Email to agency with report submission date.
	<ul style="list-style-type: none"> • <i>Subcontractor Priority Start Report</i> has been prepared for the appropriate reporting period according to the head contractor contract. Reporting periods are either: <ol style="list-style-type: none"> a) annual - 12 monthly from contract anniversary date or for the financial year – this is dependent on which agency is issuing the contract; b) final (from date of last annual report through to contract completion); noting that a final report is not required if completion is within 3 months of the last annual reporting period. 	<ul style="list-style-type: none"> • <i>Subcontractor Priority Start Report</i>

	<ul style="list-style-type: none"> Evidence of data collected to calculate the training rate each reporting period is retained for a minimum of two years from contract completion. 	<ul style="list-style-type: none"> All emails, contractor reports and other documentation that show the number of A&Ts and CTWs reported are dated with regard to the reporting period in question.
2. Confirm the subcontractors working for the head contractor on the contract, during the reporting period.	<ul style="list-style-type: none"> Ensure each subcontractor listed on the Subcontractor Priority Start Report worked for the subcontractor on the contract. Ensure each subcontractor that worked directly for the head contractor is listed on the <i>Subcontractor Priority Start Report</i>. Noting subcontractors should be listed even if: <ul style="list-style-type: none"> a) they have no construction trades workers (CTWs) in scope of the policy; or b) CTW information was not supplied by the subcontractor for inclusion in the report. 	<ul style="list-style-type: none"> <i>Subcontractor Priority Start reports</i> Subcontractor contracts Invoices confirming subcontractor engagement during the reporting period
3. Confirm the A&Ts reported by Group Training Organisations (GTOs)	<ul style="list-style-type: none"> Ensure the reported A&Ts identified in the report as being employed by a GTO/skill hire company were: <ul style="list-style-type: none"> a) working for the contractor identified in the report; and b) during the reporting period. 	<ul style="list-style-type: none"> <i>Subcontractor Priority Start reports</i> Verified report data (to be provided by the Department) Invoices showing payments/receipts to group training organisations (GTOs)/skill hire companies which identify the contractor and A&T in question.
4. Confirm the construction trades workers working for the contractors engaged on the project are a) the correct number of CTWs; b) in scope of the policy	<ul style="list-style-type: none"> Ensure reported CTWs numbers are correct, and include only employees working in WA in the occupations in-scope of the policy for the subcontractor and their subcontractors during the reporting period. Refer to in-scope lists. 	<ul style="list-style-type: none"> Processes/methods used to collect and collate information for their company and all subcontractors. Tax or company records identifying employment of in-scope construction trades workers. <i>Head Contractor and Subcontractor Priority Start Reports</i> Emails from subcontractors with A&T and CTW numbers.
5. Verify the training rate (based on the sampled contractors ONLY)	This is limited by the sampling nature of an audit. It is NOT possible to confirm a training rate unless every subcontractor working on the contract is audited.	

9. 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; and
- summary of findings and recommendations to be provided to the contractor by the contracting agency. Any recommendations made must be based on findings.

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.

10. 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.

11. Preventing non-compliance

As part of a continual improvement process, contracting agencies should 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.

12. Monitoring contracting agency compliance

The Department will monitor contracting agency compliance with this framework.