PHASE 3
Advisory Task Force on
Corporate Practice

RECOMMENDED APPROACH AND DELIVERY FOR THE REGULATION OF ENGINEERING AND GEOSCIENCE ENTITIES

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ENGINEERS &
GEOSCIENTISTS
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ADVISORY TASK FORCE ON CORPORATE PRACTICE

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ADVISORY TASK FORCE ON CORPORATE PRACTICE

PHASE 3: RECOMMENDED APPROACH AND DELIVERY FOR THE REGULATION OF ENGINEERING AND GEOSCIENCE ENTITIES

June 6, 2019

Dear Engineers and Geoscientists BC Council Members,

I am pleased to report that the Advisory Task Force on Corporate Practice has concluded Phase 3, and submits herewith its third and final report. Of significance, I am also pleased to report that the Task Force has unanimously approved the report recommendations, and submission of this report to Council for final approval.

This report confirms previous Task Force recommendations for a corporate regulatory model with broad coverage to regulate all entities in the private and public sectors that provide products and/or services in BC requiring the practice of professional engineering and/or professional geoscience. Following further member consultation, the Task Force has also confirmed the need to include sole practitioners in the regulatory program, but with further work undertaken to consider their special situation.

This report also supports the draft Corporate Practice Business Plan as prepared by Engineers and Geoscientists BC staff, and as appended to this report. The Task Force believes that this Business Plan will provide sufficient resources to effectively implement the regulatory program, and will result in fees being scaled and set on a cost-recovery basis. On this basis, the Task Force has recommended that the Business Plan be submitted to Council for approval. If appropriate, further adjustments can be made on the basis of staff interactions with Council.

In preparing this final report, the Task Force has considered the government initiative regarding the *Professional Governance Act*. The Task Force is of the understanding that its Phase 3 recommendations are consistent with this government initiative, but recognizes that further consultation and coordination will be required.

Effective implementation of corporate regulation should include features such as a communication plan and performance indicators. The unique situations of multi-disciplinary and extra-provincial organizations should also be considered.

The Task Force thanks Council for entrusting it to consider this important and complex issue, and hopes that submission of this report will allow Council to make informed decisions in proceeding with corporate regulation.

On behalf of the Task Force, I look forward to discussing this report with Council at its upcoming meetings.

Sincerely,

Mike V. Currie, P.Eng., FEC

Chair, Advisory Task Force on Corporate Practice

TABLE OF CONTENTS

ADVISORY TASK FORCE ON CORPORATE PRACTICE

1.0 INTRODUCTION

This report documents the Phase 3 recommendations of the Advisory Task Force on Corporate Practice (referred to hereafter as the "Task Force"), as appointed by the Engineers and Geoscientists British Columbia Council (referred to hereafter as "Council").

Engineers and Geoscientists British Columbia ("the association") is the regulatory body that oversees the practice of professional engineering and geoscience in BC. It is the duty of the association to uphold and protect the public interest respecting the practice of professional engineering and the practice of professional geoscience (*Engineers and Geoscientists Act,* Section 4.1 (1)(a)).

The Task Force was appointed by Council in fall 2015 to lead a three-phase examination of corporate practice and corporate regulation:

- Phase 1 – Strategic consultation and recommendation on whether to pursue regulatory authority for corporate practice;
- Phase 2 – Recommend a model for corporate practice oversight; and
- Phase 3 – Develop a Business Plan.

With this Phase 3 Report, the Task Force concludes its final phase of work. The terms of reference for the Task Force are included in Appendix A.

The Task Force is made up of a diverse cross-section of representatives from the engineering and geoscience sectors, comprising association members from industry, government, manufacturing, and construction. Council also appointed two members of Council to the Task Force. The Association of Consulting Engineering Companies – BC ("ACEC-BC") appointed an official representative to the Task Force, and several other Task Force members are employed by ACEC-BC member firms. The Task Force approached its work based on what would be in the best interest of the public and the professions in BC, not as spokespeople or advocates for the entities or firms with which Task Force members are affiliated.

What is Corporate Practice and Corporate Regulation?

The term **corporate** in this document and initiative is used in a broad sense to refer to *all entities* in both the private and public sectors, including any type of private entity formed for business purposes (i.e., corporations, partnerships, sole proprietorship) and any type of public entity (e.g., municipalities, crown corporations, ministries). The term **corporate practice** in this report refers to the provision of engineering or geoscience services and products by any private or public entity. The term **corporate regulation** refers to the licensing and regulation of entities under the *Professional Governance Act.*

Corporate regulation would involve the prohibition of entities practising professional engineering and geoscience in BC unless they have a permit from Engineers and Geoscientists BC, or are a type of entity that is not required to have a permit. For most jurisdictions in Canada, such permits mean that regulated entities need to comply with the engineering or geoscience legislation of the jurisdiction, regulations, and the Code of Ethics and bylaws issued by the regulating authority. Across jurisdictions, there are also a variety of other requirements and responsibilities of permit holders.

Section 2 of this report provides an overview of the Task Force process to date. Section 3 summarizes the recommended approach to corporate regulation from the Task Force's Phase 1 and Phase 2 reports. Section 4 summarizes the Task Force's recommendations on regulatory coverage from Phase 2 as well as the Phase 3 recommendation for how sole practitioners should be included in a Corporate Practice Program. Section 6 includes the Task Force's Phase 3 recommendations and commentary on program delivery.

It should be emphasized that throughout this report, whenever there is a reference to professional services or the "practice of professional engineering" or the "practice of professional geoscience," these terms are used in their broadest sense according to the definitions in the *Engineers and Geoscientists Act* (Section 1(1)) and these definitions are repeated below for easy reference.

> *"**practice of professional engineering**" means the carrying on of chemical, civil, electrical, forest, geological, mechanical, metallurgical, mining or structural engineering, and other disciplines of engineering that may be designated by the council and for which university engineering programs have been accredited by the Canadian Engineering Accreditation Board or by a body which, in the opinion of the council, is its equivalent, and includes reporting on, designing, or directing the construction of any works that require for their design, or the supervision of their construction, or the supervision of their maintenance, such experience and technical knowledge as are required under this Act for the admission by examination to membership in the association, and, without limitation, includes reporting on, designing or directing the construction of public utilities, industrial works, railways, bridges, highways, canals, harbour works, river improvements, lighthouses, wet docks, dry docks, floating docks, launch ways, marine ways, steam engines, turbines, pumps, internal combustion engines, airships and airplanes, electrical machinery and apparatus, chemical operations, machinery, and works for the development, transmission or application of power, light and heat, grain elevators, municipal works, irrigation works, sewage disposal works, drainage works, incinerators, hydraulic works,*

and all other engineering works, and all buildings necessary to the proper housing, installation and of the engineering works embraced in this definition1;

*"**practice of professional geoscience**" means reporting, advising, acquiring, processing, evaluating, interpreting, surveying, sampling or examining related to any activity that Potential Criteria for determining regulatory coverage (a) is directed towards the discovery or development of oil, natural gas, coal, metallic or non-metallic minerals, precious stones, other natural resources or water, or the investigation of surface or subsurface geological conditions, and (b) requires the professional application of the principles of geology, geophysics or geochemistry;*

The term "engineering and geoscience professionals" is used in this report to include professional engineers, professional geoscientists, engineering licensees, and geoscience licensees.

2.0 TASK FORCE PROCESS

The Task Force was appointed by Council in fall 2015 to lead a three-phase examination of corporate practice and corporate regulation:

- Phase 1 – Strategic consultation and recommendation on whether to pursue regulatory authority for corporate practice;
- Phase 2 – Recommend a model for corporate practice oversight; and,
- Phase 3 – Develop a Business Plan.

This section summarizes the key activities in each of these phases. This section also summarizes the new *Professional Governance Act* ("the new *Act*"), which was enacted between Phase 2 and 3 of the Task Force process and which brings in new requirements for regulation of firms that practice professional engineering and geoscience as well as other professions.

2.1 PHASE 1

Phase 1 focused on providing a recommendation to Council on whether the association should pursue regulatory authority over corporate practice. The Phase 1 process included a detailed review of corporate regulatory models across Canada, and comprehensive engagement with members and stakeholders. The Task Force completed Phase 1 in April 2017 with the submission of its Phase 1 Recommendations Report to Council, which stated that the Task Force reached consensus in support of the association pursuing regulatory authority over corporate practice.

Council accepted the Task Force's Phase 1 recommendations and approved the following on April 28, 2017:

1. that Engineers and Geoscientists BC pursue regulatory authority over corporate practice;
2. that a corporate regulatory model be developed which demonstrates positive impacts to protect the public interest and the environment, and provides benefit to the regulated entities and professionals they employ; and,

[1] *"For the purposes of the definition of "practice of professional engineering" […], the performance as a contractor of work designed by a professional engineer, the supervision of construction of work as foreperson or superintendent or as an inspector, or as a roadmaster, trackmaster, bridge or building master, or superintendent of maintenance, is deemed not to be the practice of professional engineering within the meaning of this Act."* (as per Section 1(2) of the *Engineers and Geoscientists Act*).

3. that the corporate regulatory model be scaled according to the size and nature of the organization and be administratively efficient.

2.2 PHASE 2

Phase 2 of the Task Force process began in fall 2017. The focus of this phase was to provide recommendations to Council on a model for corporate regulation that aligned with Council's direction from April 2017. Council also directed the Task Force to provide recommendations on the types of entities that should be subject to regulatory oversight.

To develop its Phase 2 recommendations, the Task Force relied on the extensive research and consultation conducted in Phase 1 and engaged in additional consultation with ACEC-BC and the Association of Professional Engineers and Geoscientists of Alberta ("APEGA").

The Phase 2 Recommendations Report was brought forward to Council on June 15, 2018 with a recommended model for corporate regulation and recommendations on regulatory coverage. The Phase 2 Report also recommended further consultation with sole proprietors on how this group should be included in a corporate regulatory program.

The following motions were approved by Council at that time:

1. Council approves Recommendations 1-7 in the Advisory Task Force on Corporate Practice Phase 2 Report to Council – Recommended Model for the Regulation of Engineering and Geoscience Entities.
2. That Council directs staff to publish the Advisory Task Force on Corporate Practice Phase 2 Report to Council– Recommended Model for the Regulation of Engineering and Geoscience Entities.
3. That a business plan be developed which is consistent with the regulatory model identified in Recommendations 1-7 in the Phase 2 Report of the Advisory Task Force on Corporate Practice – Recommended Model for the Regulation of Engineering and Geoscience Entities.
4. That Council inform the provincial government of their response to the Phase 2 recommendations made by the Advisory Task Force on Corporate Practice.
5. That Council directs staff to work with the Advisory Task Force on Corporate Practice to review its Terms of Reference as the first step in proceeding with Phase 3.

2.3 PROFESSIONAL GOVERNANCE ACT

Following the June 2018 Council meeting, the Provincial Government released a report detailing the findings and recommendations resulting from audits of five professional regulators, including Engineers and Geoscientists BC, that took place in the fall of 2017. The report contained 121 recommendations in total, several of which relate to corporate regulation.

In October 2018, the government introduced the new *Act*, which contains provisions regarding the "regulation of firms". The legislation was passed on November 27, 2018, which will bring oversight to five professional regulators: Engineers and Geoscientists BC, Applied Science Technologists & Technicians of BC, Association of BC Forest Professionals, BC Institute of Agrology, and College of

Applied Biology. Along with the new *Act,* the government released an Intentions Paper[1] in the fall of 2018 with more details on how the implementation of the new *Act* would proceed.

The Intentions Paper stated that "regulation of firms is intended to apply broadly". Consistent with this, the Intentions Paper defined firms as "a company, partnership, corporation, or other association of persons including consulting firms, industry companies, and provincial and local governments". Furthermore, the Intentions Paper confirms that the definition of firms in the new *Act* includes sole proprietors.

Engineers and Geoscientists BC staff and Council spent significant time prior to and after the release of the new *Act* meeting with the other regulators and government personnel. As a result of these various meetings, the association's proposed corporate regulatory model was the approach recommended in the government Intentions Paper.

The Intentions Paper not only recommends the corporate regulatory model proposed by the Task Force (that is the Three Pillar Model), it also states that the association could be given the authority in regulation to enforce the program by 2020, in advance of the other professional regulators. This regulatory timeline required that Phase 3 of the Task Force process be advanced and completed by the June 2019 Council meeting.

2.4 PHASE 3

In preparation for Phase 3, the Task Force's Terms of Reference (the "TOR") were updated and approved by Council on February 1, 2019. The TOR lays out four tasks for the Task Force in Phase 3:

- work with staff to prepare a Business Plan for implementation of the regulatory model recommended in the Phase 2 report, and as approved by Council;
- guide further consultation with the sole practitioner community regarding their inclusion in the regulatory program;
- address relevant issues arising from the Provincial Government's initiative to establish an Office of Professional Regulation and Oversight; and,
- provide a recommendation to Council regarding the proposed Business Plan and how sole practitioners should be included in the corporate regulatory program.

Consultation with sole practitioners was undertaken in February and March 2019. Task Force meetings were held in the Spring of 2019.

2.5 CONSULTATION SUMMARY

Consultation with members and stakeholders occurred throughout the Task Force process. Consultation in Phase 1 engaged members and stakeholders broadly to get feedback on corporate regulation in general and specific models for corporate regulation. In Phase 2, the Task Force focused on developing a recommended model based on direction from Council and feedback heard through Phase 1 consultation. Also in Phase 2, the Task Force consulted frequently with APEGA to get information on its corporate regulatory program, and received a submission and presentation from ACEC-BC.

[1] https://engage.gov.bc.ca/professionalreliance/proposed-professional-governance-act/

In Phase 3, consultation activities focused on updating members and stakeholders on the Task Force's recommended corporate regulation model that was approved by Council. The Task Force also sought feedback on how sole practitioners should be included in a Corporate Practice Program. Phase 3 also included updates and outreach around the BC Government's decision to regulate engineering and geoscience firms through the new *Act.*

In total, the following consultation activities were undertaken throughout the consultation process:

- 3 membership surveys;
- 2 webinars;
- presentations to the Branches and Divisions;
- presentations at the AGM;
- presentation to the other four associations (ASTTBC, Agrologists, Biologists, and Foresters);
- presentations to industry groups COFI and AMEBC;
- letters to stakeholders with an invitation to provide feedback; and,
- focus groups with sole practitioners.

Submissions were received from ACEC-BC, British Columbia Securities Commission, Union of British Columbia Municipalities (UBCM), BC Hydro, Metro Vancouver (staff), and Association for Mineral Exploration of BC (AMEBC).

Common themes from consultation activities on benefits, concerns, and suggestions related to corporate regulation are summarized below.

1. **Benefits of corporate regulation.** Through surveys, emails, and consultation events, members and stakeholders weighed in on corporate regulation. Some of the potential benefits that were highlighted the most frequently included:

- corporate regulation could address current issues with the practice of engineering and geoscience in BC that have implications for public protection;
- corporate regulation could increase public and government confidence in the professions by strengthening the self-regulatory system;
- corporate regulation could bring greater awareness and support from employers for the responsibilities of professionals; and,
- corporate regulation could increase the value of the association's regulatory system to individual professionals.

2. **Concerns with corporate regulation.** Some of the concerns with corporate regulation that were highlighted most frequently included:

- corporate regulation may not be effective in enhancing public protection (due to challenges with enforcing regulatory requirements);
- cost and effort for compliance—especially for small companies/sole-practitioners and organizations practising in multiple jurisdictions; and,
- corporate regulation may not add additional value to the practice of the professions.

3. **Regulatory Model.** In consultation materials and events, the Task Force discussed that realizing the potential benefits of corporate regulation and addressing concerns is dependent on a corporate regulatory model being effectively designed and appropriately enforced. Reoccurring advice and suggestions from members and stakeholders on the development and implementation of a corporate regulatory model for engineering and geoscience organizations included:

- regulatory model must add value to the practice of the professions;
- minimize additional fees and administrative effort for small organizations and sole practitioners;
- strong enforcement mechanisms are needed;
- use Organizational Quality Management ("OQM") to inform the development of a corporate regulatory model (e.g., consider if all or a subset of OQM certification requirements could be used as regulatory requirements);
- implement a cost-recovery model for corporate regulation (e.g., such as used in the OQM Program); and,
- unify corporate regulatory systems for engineering and geoscience across Canadian jurisdictions.

The Task Force believes that its recommended approach to corporate regulation is responsive to the feedback heard through consultation, and will be broadly supported by members and stakeholders.

More details on consultation activities and results can be found on the corporate practice website: https://www.egbc.ca/About/Initiatives-and-Consultations/Corporate-Practice-in-BC

3.0 RECOMMENDED APPROACH TO CORPORATE REGULATION

This section provides a summary of the Task Force's recommendations in Phase 1 and Phase 2 pertaining to how the association should pursue regulatory oversight over corporate practice; how corporate practice should be regulated; how a Corporate Practice Program should be funded; how the association should acquire legal authority to regulate corporate practice; and what the future of the OQM Program should be once corporate practice is regulated.

3.1 WHY CORPORATE REGULATION?

The main reasons leading to the Task Force recommendation in favour of corporate regulation are outlined below.

1. **Corporate regulation would enhance protection of the public interest and the environment by improving the practice of professional engineering and professional geoscience.**

   It would:

- establish additional oversight on entities that provide products and/or services to the public in BC requiring the practice of professional engineering and/or professional geoscience;
- align organizational responsibilities with individual professional responsibilities, thereby reducing the potential for conflicts of interest between organizational interests and professional practice obligations. Provide confirmation that entities employ engineering and/or geoscience professionals that are competent for all areas of practice within the organization; and,
- enable the association to establish more specific guidelines for professional practice at the corporate level.

2. **Corporate regulation would increase government and public confidence in the self-regulatory system administered by Engineers and Geoscientists BC on behalf of the professions.**

It would:

- be a proactive effort to develop a self-determined approach to corporate regulation that will work for the professions in BC;
- implement a regulatory mechanism that is used in most Canadian and US jurisdictions for the engineering and geoscience professions, thereby reducing the perception of a regulatory gap in BC's engineering and geoscience professions;
- increase the quality of professional practice performed within regulated entities;
- enable the association to investigate and hold engineering and geoscience entities accountable in the event of a complaint or occurrence of a project incident/failure; and,
- increase consistency with other professional sectors in BC where there has been a trend towards corporate regulation (e.g., law, architecture, land surveying, public accounting, as well as a number of medical disciplines).

3. **Corporate regulation would provide value to regulated entities and the professionals they employ.**

   It would:

- increase awareness and support from entities on the responsibilities of practising professionals;
- increase awareness and support from entities on the importance of maintaining good standards for professional practice;
- establish a mechanism to hold entities accountable if they are pressuring professionals to act in contravention of the new *Act*, Code of Ethics, and Bylaws; and,
- help to increase public confidence and the value that society places on the engineering and geoscience professions.

See the Phase 1 Task Force report for more information on the research and consultation that the Task Force undertook to inform Council of their recommendation that the association should pursue regulatory oversight over corporate practice.

3.2 HOW SHOULD CORPORATE PRACTICE BE REGULATED?

The Task Force reviewed corporate regulatory models for engineering and geoscience that are implemented across Canada and reviewed the OQM Program – the Association's voluntary certification program for engineering and geoscience entities. The conclusion of the Task Force in Phase 2 was that a BC corporate regulatory model should be based on the best elements of the corporate regulatory model implemented in Alberta (the "APEGA" model) and the OQM Program.

Some of the elements of APEGA's approach to corporate regulation that the Task Force thought were valuable to include were APEGA's broad coverage of organizations that practice professional engineering and geoscience and the requirement for a Professional Practice Management Plan ("PPMP"). The elements of the OQM Program that the Task Force thought were valuable to include in a corporate regulatory model included:

- the requirement for certified organizations to have documented policies and procedures for the quality management ("QM") requirements in the *Engineers and Geoscientists Act* and Bylaws;
- a flexible and scalable approach that allows organizations seeking OQM certification to develop their own policies and procedures that meet the intent of the QM requirements – an approach that allows organizations who are already certified through other QM programs (such as ISO 90001)

to easily adapt their existing QM policies and procedures to meet the intent of the QM requirements in the *Engineers and Geoscientists Act* and Bylaws;

- the provision of training to help organizations seeking certification to develop their policies and procedures for QM requirements; and,
- the requirement for certified organizations to be audited on a periodic basis to ensure documented policies and procedures for QM requirements are in place and are being followed.

Further, the Task Force developed the following principles in Phase 2 to guide the development of a corporate regulatory model:

Entities that practice professional engineering and geoscience should be required to:

- *maintain effective professional practice standards in accordance with the Engineers and Geoscientists Act, Code of Ethics, and professional practice guidelines;*
- *ensure that all professional engineering and geoscience work is performed under the direction of an appropriately qualified professional engineer or geoscientist;*
- *ensure appropriate use of professional engineers/geoscientists' seals within the organization;*
- *provide appropriate professional development opportunities for engineering and geoscience employees;*
- *comply with anti-corruption measures; and,*
- *adhere to ethical business practices.*

Agreement on these guiding principles and agreement that a BC approach to corporate regulation should build on the best elements of the APEGA and OQM Programs provided the foundation for the Task Force's recommended corporate regulatory model.

In its Phase 2 Report, the Task Force recommended that a corporate regulatory model should be based on three pillars:

1. **Ethics**: Regulated entities must:
    a) provide an environment that ensures the practice of professional engineering and geoscience is conducted in accordance with the association's Code of Ethics;
    b) adhere to the association's Professional Practice Guidelines on human rights and diversity; and,
    c) adhere to ethical business practices addressing corruption, conflict of interest, and contractual matters.
2. **Quality Management:** Regulated entities must have documented policies and procedures consistent with the QM in the *Engineers and Geoscientists Act* and Bylaws that apply to their area(s) of practice of professional engineering and geoscience.
3. **Professional Development**: Regulated entities must have a documented professional development policy for engineering and geoscience employees that is appropriate for the professional products and/or services provided by the organization.

The Task Force also recommended an approach to documentation and enforcement in its Phase 2 report to support compliance of regulated entities with these three pillars:

- **Documentation:** All regulated entities must have a PPMP in place and available for review upon request by the association. The PPMP will document the organization's policies and procedures with respect to addressing the three pillars of ethics, QM and professional development.

- **Compliance and Enforcement:** A range of mechanisms need to be available to the association to deliver effective and proportional compliance and enforcement of corporate practice requirements, including audits, production of documents, public notices, fines, negotiated consent orders, investigations, public complaint process, and practice restrictions. Audits of regulated entities should be performed on a regular basis to support regulated entities in meeting professional responsibilities.

The recommendations for the three pillars above, and the supporting recommendations for documentation and compliance and enforcement, are referred to generally by the Task Force and in this report as the 'Three Pillar Model' of corporate regulation. See the Phase 2 Task Force report for more information on the reasons and considerations with respect to these recommendations.

3.3 HOW SHOULD CORPORATE REGULATION BE FUNDED?

In its Phase 2 report, the Task Force recommended that fees on regulated entities be determined through a cost-recovery model that is scaled in proportion to the number of engineering and geoscience professionals that are employed by an organization and that are licensed to practise in BC. The Task Force also recommended that the cost-recovery funding formula be reviewed on a periodic basis.

3.4 HOW SHOULD THE ASSOCIATION ACQUIRE LEGAL AUTHORITY TO IMPLEMENT CORPORATE REGULATION?

The new *Act* provides enabling authority to regulate engineering and geoscience entities. This will be implemented through regulations under the new *Act.*

The current *Engineers and Geoscientists Act* has provisions in Section 14 to authorize the association to issue Certificates of Authorization ("CoA"). However, since the *Engineers and Geoscientists Act* does not include a prohibition of practice to make it illegal for entities to practice professional engineering or geoscience unless they hold a CoA, corporate regulation has never been implemented under the *Engineers and Geoscientists Act.*

In Phase 2, the Task Force recommended that the current provisions in the *Engineers and Geoscientists Act* with respect to CoA should be revised as appropriate to reflect the Task Force's recommendations on corporate regulation and that the term "Certificate of Authorization" should be replaced with "Permit to Practice".

3.5 WHAT SHOULD THE FUTURE OF THE OQM PROGRAM BE ONCE CORPORATE REGULATION IS IMPLEMENTED?

In Phase 2, the Task Force recommended that the OQM Program continue as a value-added and voluntary certification program. To ensure efficiency between the OQM Program and the corporate regulatory program, the Task Force recommended the following in Phase 2:

- Corporate regulatory fees for OQM-certified organizations are to be reduced based on a cost-recovery model that considers cost efficiencies for administering the OQM Program and the corporate regulatory program.

- OQM-certified organizations can refer to the QM policies and procedures established for their OQM certification to meet the QM requirements of its PPMP.
- Audits for OQM and corporate regulation must be done in an integrated manner.

The Task Force further considered the future of the OQM Program in Phase 3 and further recommendations are made in Section 5.1.3.

4.0 RECOMMENDATIONS FOR REGULATORY COVERAGE

4.1 INITIAL RECOMMENDATION FOR REGULATORY COVERAGE

In its Phase 2 report, the Task Force recommended regulation of all entities in the private and public sectors that provide products and/or services in BC requiring the practice of professional engineering and/or professional geoscience.

"Entities" is defined broadly here to be any corporation, partnership, sole practitioner or other public or private entity. This definition of regulatory coverage would **exclude entities** that employ engineering and/or geoscience professionals but do not practise professional engineering or geoscience, and would also exclude non-practising engineering and geoscience professionals that are self-employed.

> **Terminology Note – Sole Proprietors/Sole Practitioners**
>
> The term "sole practitioners" is used in this report to refer to any professional engineer or professional geoscientist that practises on their own. Sole practitioners can either be incorporated or unincorporated. When sole practitioners are unincorporated, they are considered a "sole proprietor", meaning there is no legal distinction between the individual and the business entity. When sole practitioners are incorporated, they are considered a "corporation", meaning their business is a separate legal entity from the individual practitioner.

The Task Force believes that this position is consistent with the provisions of the *Engineers and Geoscientists Act*. Since the *Engineers and Geoscientists Act* has no exemptions for individuals that practise professional engineering and geoscience, the new *Act* should not have exemptions for entities that practise professional engineering and geoscience. Furthermore, it is in the public interest for all entities that practise professional engineering and geoscience to be subject to regulatory oversight by the association for the following reasons:

- All entities that practise professional engineering and geoscience need to have responsibilities that are aligned with the responsibilities of engineering and geoscience professionals that work in those entities.
- All entities that practise professional engineering and geoscience must be treated in a consistent manner to avoid different standards of professional practice within BC.
- No other regulatory process exists that requires such entities to adhere to the Association's Code of Ethics and QM requirements in the *Engineers and Geoscientists Act* and Bylaws.

- Evidence of the higher number of reported formal complaints and disciplinary cases for sole practitioners in BC as compared to organizations that employ more than one engineering/geoscience professional.
- APEGA has identified that based on their experience, additional oversight over sole practitioners is necessary to uphold professional practice standards and protect the public interest and the environment.

4.2 CONSIDERATION OF SOLE PRACTITIONERS IN PHASES 1 TO 3

In Phase 1, the Task Force recommended that incorporated sole practitioners be subject to corporate regulation but that "unincorporated sole practitioners (i.e., sole proprietors) who provide consulting professional engineering and geoscience services should not be subject to corporate regulation, as they are regulated as individuals under the existing *Engineers and Geoscientists Act* and are also subject to Engineers and Geoscientists BC's Practice Review Program."

The Task Force made the distinction between incorporated and unincorporated sole practitioners for the following reasons:

- When individual practitioners incorporate, their businesses become separate legal entities from themselves. For example, contracts are signed between a client and the corporation. Becoming a corporation, i.e., becoming a separate legal entity, is a logical 'line in the sand' to draw when organizational influence on professional practice begins.
- An incorporated sole practitioner can easily expand to include more professionals, members-in-training or other employees and thus may fluctuate between being an incorporated sole practitioner and being a small corporation. Regulation of all corporations, regardless of how many people are employed, will be simpler and more effective from an enforcement perspective.
- An incorporated sole practitioner has a corporate name and has the optics of being the same as a small company.

In Alberta, partnerships, corporations and other such entities which practise engineering or geoscience require a Permit to Practice. This means that incorporated sole practitioners that provide consulting professional engineering and geoscience services must obtain a Permit to Practice, but unincorporated sole practitioners (i.e., sole proprietors) do not need to obtain a Permit to Practice. APEGA stated that a key reason for this distinction was that an incorporated sole practitioner business is a separate legal entity from the unincorporated sole practitioner.

In the Phase 1 jurisdictional review conducted by the Task Force, at least five other Canadian jurisdictions were identified that exclude unincorporated sole practitioners (i.e., sole proprietors) from requiring a CoA or Permit to Practice: (Saskatchewan, Manitoba, New Brunswick, Northwest Territories, Nunavut). The corporate regulatory programs in Ontario, Yukon and Newfoundland regulate unincorporated sole practitioners. For example, Ontario's *Professional Engineers Act* states "No person shall offer to the public or engage in the business of providing to the public services that are within the practice of professional engineering except under and in accordance with a certificate of authorization."

In Phase 2, the Task Force decided to reconsider its Phase 1 recommendation that unincorporated sole practitioners (or sole proprietors) be excluded from the Corporate Practice Program for the following reasons:

- The association's Director of Legislation, Ethics and Compliance questioned the rationale for treating incorporated and unincorporated sole practitioners differently, stating that sole practitioners incorporate for tax and liability purposes and that the risk to public safety is no different between unincorporated sole practitioners and incorporated sole practitioners.
- APEGA is now moving toward regulating unincorporated as well as incorporated sole practitioners for the following reasons:
  - APEGA has observed that sole practitioners, regardless of their status of incorporated or unincorporated, tend to have a practice that is higher risk to public safety (since sole practitioners tend to practise with relatively little interaction with other professionals in their field, they tend to be less exposed to new information relevant to their practice and have less checking, review or scrutiny of their work); and,
  - exempting unincorporated sole practitioner businesses from needing Permits to Practice means there is an incentive for sole practitioners to remain or become unincorporated to avoid corporate regulation.
- The association's Director of Professional Practice provided the following information to the Task Force:
  - the experience in BC is that sole practitioners pose a higher risk to public safety for similar reasons as described by APEGA above; and
  - the Practice Review program is a tool by which the association can proactively review the practise of individual professionals, however, the application of this tool to higher risk sole practitioners is hampered because the association does not currently have the authority to require sole practitioners that provide professional services to identify themselves to the association.

In Phase 2, the Task Force discussed a range of options for addressing the higher risk of sole practitioners, from including sole practitioners in the corporate regulatory program with the same requirements as all other regulated entities to excluding them entirely. The Task Force heard from the association that a key challenge with the current system is the lack of authority for the association to require the identification of sole practitioners so that these professionals can be focused on for additional oversight or support (e.g., through practice reviews).

By requiring sole practitioners that provide professional services in BC to register with the association, corporate regulation will address this key issue in a way that is not possible through the regulatory framework for individual professionals. To ensure a fair, effective and efficient regulatory framework is in place, the Task Force recommended that Phase 3 include additional consultation with members on the requirements and fees for sole proprietors within a corporate regulatory program. The association expanded the scope of the consultation to include all sole practitioners – both incorporated sole practitioners and unincorporated sole practitioners (or sole proprietors).

The sole practitioner consultation process included the following activities:

- webinar on February 13, 2019 attended by over 350 participants;
- survey in March 2019 with over 1100 respondents; and,
- six separate focus groups in March 2019 with about 40 sole practitioner members.

A key concern raised by sole practitioners regarding corporate regulation was that it would be administratively burdensome. Sole practitioners emphasized that they are small business people that are already overburdened by administrative and regulatory tasks.

They also emphasized that they (and other small firms) provide an important service to a market that would otherwise be underserved, so it is important to ensure their businesses remain viable.

A key question raised by sole practitioners was why they were being regulated in a Corporate Practice Program when they are already regulated as an individual, and commented that this amounts to 'double regulation' on their practice. The full results of the consultation are summarized in the Phase 3 Consultation Summary Report (Appendix B).

The Task Force reviewed the results of the sole practitioner consultation at its April 2019 meeting and came to the following consensus recommendations for how sole practitioners should be included in the Corporate Practice Program:

Phase 3 Recommendation #1: Sole Practitioners

a) The same regulatory model as applied to all other entities, i.e., the Three Pillar Model, should be applied to sole practitioners.
   - **Rationale:** The Three Pillar Model is scalable to all sizes of private and public entities and provides an appropriate balance between additional oversight of corporate practice to protect the public and administrative efficiency. The Task Force does not consider inclusion of sole practitioners in the corporate practice program as 'double regulation'. Rather, the corporate regulatory requirements are complementary to the requirements of individual professionals and will provide additional oversight to sole practitioners, who provide service directly to the public.

b) The association should identify and implement additional measures to address sole practitioner concerns on the administrative burden of corporate regulation, including a discounted fee, customized training and templates, and other measures.
   - **Rationale:** Sole practitioners provide an important service to the public and the association needs to take all possible measures to minimize the administrative burden of corporate regulation on sole practitioner businesses.

4.3 FINAL RECOMMENDATION FOR REGULATORY COVERAGE

As explained in Section 4.2, the Task Force has confirmed its Phase 2 recommendation to include all sole practitioners in corporate regulation, and for the association to proceed with broad regulatory coverage. That is, to regulate **all entities in the private and public sectors that provide products and/or services in BC requiring the practice of professional engineering and/or professional geoscience.**

4.4 IMPLEMENTATION CHALLENGES FOR REGULATORY COVERAGE

The Task Force recognizes two challenges that would arise in regulating all entities in the private and public sectors that provide products and/or services in BC requiring the practice of professional engineering and geoscience:

1. There are grey areas in what activities fall under the definition of "providing products and/or services in BC requiring the practice of professional engineering and/or professional geoscience".

Examples may include,

- pure research and development companies that are working on technologies or products that require the practice of professional engineering or geoscience but that are not yet making those technologies or products available to the BC market;
- research groups at universities; and
- entities that are developing products or instruments of service in BC requiring the practice of professional engineering or geoscience but that are selling those products or instruments of service only to customers outside of BC.

2. There may be legal barriers to the association having legal authority over certain entities, for instance provincial government, federal government and First Nations entities.

To address the first challenge, the Task Force recommends that a corporate practice committee be established. This committee would assist the association in the development and administration of a consistent and transparent process to assess whether an organization is providing products and/or services in BC requiring the practice of professional engineering and/or professional geoscience as defined by the new *Act*. The association should also maintain up to date guidance on which types of entities are covered and not covered and maintain a public list of all regulated entities.

To address the second challenge, the Task Force recommends that federal and provincial government and First Nations entities should be included unless there are legal barriers. Where there are legal barriers, the association should work with federal and provincial governments to ensure the public interest is met. For any public entities that practice professional engineering and/or geoscience but are excluded from regulatory oversight, the association should encourage voluntary participation in the corporate regulatory program to demonstrate that public entities are holding their practice of professional engineering and geoscience to the same standard as required by regulation.

5.0 RECOMMENDATIONS AND COMMENTARY ON PROGRAM DELIVERY

This section includes recommendations and commentary related to implementing the Corporate Practice Program.

5.1 RECOMMENDATIONS

5.1.1 CORPORATE PRACTICE BUSINESS PLAN

The Corporate Practice Business Plan (hereafter referred to as the "Business Plan" and included in Appendix C) addresses the following, consistent with the requirements in the Task Force's TOR:

- principles;
- a funding model based on full cost recovery;
- all human resources required to support the various departments in the association that will be impacted by the regulation of engineering/geoscience organizations;
- all relevant expenses required to regulate engineering/geoscience organizations;
- all relevant overheads and payroll costs; and,
- timelines for implementation.

The Business Plan estimates the cost of implementing the Corporate Practice Program and the fees for regulated entities to pay for program costs. Since the June 2018 Council meeting, association staff have led the development of the Business Plan.

A key principle guiding this work was the Task Force's Phase 2 recommendation on cost-recovery: *"fees on regulated entities be determined through a cost-recovery model that is scaled in proportion to the number of engineering and geoscience professionals that are employed by an organization and that are licensed to practise in BC."*

Staff developed the Business Plan through the following process:

- established principles to guide how fees would be set;
- identified key assumptions that form the basis of the cost and revenue estimates;
- developed a timeline for implementation based on government communications;
- gathered actual cost data for delivering the OQM Program over the last six years;
- consulted with APEGA on their corporate practice program costs and fees;
- estimated internal resourcing requirements across departments; and,
- developed the financial model to ensure cost-recovery over a reasonable timeframe.

To implement the Corporate Practice Program, the business planning process identified that additional resources would be needed for the Professional Practice, Standards and Development department, Legislation, Ethics and Compliance department, Communications department, and the Information Systems department.

These departments will be responsible for all aspects of the implementation and operation of the Corporate Practice Program, including training, auditing, compliance and enforcement and outreach.

Comprehensive consultation with the effected departments was conducted to ascertain budgetary requirements related to staff resources.

The total financial commitment including those expenses related but not limited to staffing, overhead, training, auditing, material development, compliance, enforcement and outreach totals approximately $1.8 to 2.2 million in funding each year (depending on the number of entities that require regulation). The upfront costs of establishing the Corporate Practice Program are projected to be paid back within 5 years.

To demonstrate transparency that the Corporate Practice Program will be done on a cost-recovery basis, the initial program funding is expected to be provided through a loan of approximately $2 million. This will reinforce that corporate regulation is not being funded through an increase in membership fees and facilitates full financial transparency with respect to demonstrating that all revenues and expenses associated with the Corporate Practice Program are strictly related to this initiative. Once the upfront costs of the Corporate Practice Program are recovered, the association will review the required registration fees for regulated entities to maintain a cost-recovery program.

Review of Business Plan

In December 2018, support for the Business Plan, including timing and resourcing was received from the staff leadership team. Following this, association staff met with a sub-group of the Task Force to review the draft Business Plan, including the funding model, assumptions, principles, and timeline. There was general support of the draft plan, and a number of comments and issues identified for association staff to consider. An updated version of the Business Plan was presented to the Task Force at its April 2019 meeting, and the Task Force suggested several minor changes to the report to clarify the meaning of some of the assumptions and principles. A further updated report was presented to the Task Force at its May 2019 meeting.

Phase 3 Recommendation #2: Business Plan

The Task Force recommends that the Business Plan be submitted to Council for approval. If appropriate, further adjustments can be made on the basis of staff interactions with Council. The Task Force is satisfied that:

a) the Business Plan provides for sufficient resources to effectively implement the Corporate Practice Program; and,
b) the Business Plan is aligned with the Phase 2 recommendation for fees to be scaled and set on a cost-recovery basis.

5.1.2 GOVERNANCE STRUCTURE FOR CORPORATE PRACTICE PROGRAM

The Task Force considered two options for governance of the Corporate Practice Program:

1. Council appoints a regulatory board or committee to oversee the regulation of the Corporate Practice Program. The regulatory board would include members representing a wide range of organization types and report to the Chief Regulatory Officer.

2. The Chief Regulatory Officer oversees the regulation of corporate practice.

Phase 3 Recommendation #3: Governance Structure for Corporate Practice Program

a) A Corporate Practice Committee should be established to support the implementation of the Corporate Practice Program. This Committee should report directly to the CEO & Registrar and should be at the same level as the existing Professional Practice Committee. The Corporate Practice Committee, under a TOR to be developed, should provide input on the delivery of the Corporate Practice Program and address issues related to the regulation of entities.
b) The Professional Practice Committee should continue under its existing TOR to address professional practice issues with individual engineering and geoscience professionals.
c) Consideration should be given to moving the existing Consulting Practice Committee from reporting to the Professional Practice Committee to reporting to the Corporate Practice Committee. Future considerations should be given to additional sub committees representing other corporate areas of practice, e.g., manufacturing, construction, high technology, etc.

5.1.3 OQM PROGRAM

The OQM Program was developed by the association to promote high standards in the use of professional risk management and quality assurance by organizations and to support professionals in meeting their professional obligations. Since its implementation in 2012, the OQM Program has experienced great success. Three hundred and fifty organizations have been certified, including all of BC's top 25 consulting engineering companies. Clients recognize that OQM-certified organizations provide high quality services and as a result, are increasingly using OQM certification as selection criteria. Insurers are also recognizing the risk mitigation that OQM certification provides and offer discounts to OQM-certified organizations.

A key reason why BC engineering and geoscience organizations have participated in the OQM Program is because the program is flexible and scalable, allowing organizations to tailor their QM systems to their areas of practice and size.

The OQM Program provides this flexibility by setting a standard for QM whilst not being prescriptive in terms of how an organization meets that standard. The organization seeking OQM certification develops their own QM system (or modifies an existing system) to meet the QM requirements of the OQM Program. This is similar to ISO 9001, which also sets a QM standard that certified organizations develop their own QM systems to meet.

The Three Pillar Model's QM pillar sets a requirement for QM that is identical to the core requirement for certification under the OQM Program – that is, the requirement for entities to have documented policies and procedures that are consistent with the QM requirements in the *Engineers and Geoscientists Act* and Bylaws that apply to their area(s) of practice of professional engineering and geoscience.

Given the similarity between the Three Pillar Model's QM pillar and the OQM Program, if the OQM Program continues in its current form with the implementation of corporate regulation, its claim to being a value-added program for entities that practice in BC will be open to question. Once all regulated entities go through their first audit (within approximately 5 years of corporate regulation becoming mandatory), they will have met the current requirements for certification under the OQM Program and thus all regulated entities in BC will become eligible for OQM Program certification. At this point, the OQM brand will cease to be a market differentiator within BC (however, it will still be a market differentiator in other jurisdictions and for BC entities that are not regulated through the Corporate Practice Program).

Phase 3 Recommendation #4: OQM Program

The OQM Program should continue as a voluntary certification program, even for regulated entities. The OQM Committee and the new Corporate Practice Committee should undertake a review of the OQM Program and recommend any necessary changes to ensure the OQM Program continues as a sufficiently value-added program. This review should include consultation with OQM-certified organizations.

- **Rationale:** OQM-certified organizations view OQM as a valuable brand and market differentiator. Their participation in the OQM Program has helped to make it the success it is today and has helped the development of a Corporate Practice Program for BC. The success of the OQM Program also has value to the association in that it distinguishes the association as an innovative and effective leader. For example, other engineering and geoscience regulatory associations have approached the association about extending the OQM Program to their jurisdictions, and APEGA is adopting some of the best practices from the OQM Program into its corporate regulatory program. This extension of OQM into other jurisdictions is an opportunity to help promote standardizing QM requirements for engineering and geoscience entities working across multiple Canadian jurisdictions.

5.1.4 PRACTICE REVIEWS

The association's Practice Review Program randomly selects individual professionals for general practice reviews through risk-based selection criteria. These randomly selected practice reviews are conducted by having the professional undergo a "general" review. General reviews examine the individual's general (nontechnical) practices. A general review can recommend a technical review. Technical reviews are recommended for ~15% of all general reviews.

The association's practice review findings show that individuals working under a QM system are at a lower risk for practice deficiencies as compared to individuals that are not working under a QM system. On this basis, in 2012, Council agreed to exempt all professionals working for OQM-certified organizations from random selection for practice reviews because these individuals would be practicing under their employers' QM system and would thus be at a lower risk for practice deficiencies.

Under corporate regulation, all regulated entities will have a QM system – i.e., they will all have documented policies and procedures consistent with the QM requirements in the *Engineers and Geoscientists Act* and Bylaws that apply to their area(s) of practice. Also, audits of regulated entities will be similar to general practice reviews, meaning that general practice reviews will become redundant, especially for smaller firms where each professional has a high likelihood of being interviewed during an audit. These changes that a new Corporate Practice Program will bring should be considered by the Practice Review Committee and Council to determine whether the Practice Review Program needs to be updated.

Phase 3 Recommendation #5: Practice Reviews

The Practice Review Program should be reviewed and updated as necessary by the Practice Review Committee and Council to reflect that individual professionals working for regulated entities will be practising under a QM system and will thus be at a lower risk for practice deficiencies and that general practice reviews are equivalent to audits of regulated entities.

5.1.5 TIMING

A significant amount of effort has gone into the corporate practice initiative from both the Task Force, Council, staff and the vast number of stakeholders who have been involved in various capacities. This has created significant momentum for this initiative, which needs to be considered in the timing of the Corporate Practice Program. If implementation is significantly delayed, there is a great risk that the momentum will be lost, personnel will change and the overall understanding of this initiative will be greatly diminished.

In addition, the Intentions Paper issued by provincial government after the new *Act* received Royal Assent in November 2018, identifies the "Regulation of Entities" as one of the three key areas for regulatory development. Importantly, the Intentions Paper not only references the work of the Task Force but also states that it is government's intent that due to the considerable work the association has completed in preparing for the regulation of entities the association "may be granted the ability as early as 2020".

Phase 3 Recommendation #6: Timing

The association should continue to work with government to take the necessary steps to advance corporate regulation in line with a target start date of July 1, 2021 as identified in the Business Plan. The Business Plan was developed with this target start date because it would balance the desire to maintain momentum with the need to allow for sufficient lead time to properly resource the Corporate Practice Program and communicate to members and other stakeholders.

5.2 COMMENTARY

5.2.1 PROFESSIONAL PRACTICE MANAGEMENT PLANS

Under the recommended Three Pillar Model, entities are required to have documented policies and procedures for each of the requirements. In Phase 2, the Task Force reviewed APEGA's PPMP and determined that this would be a suitable tool for documenting the policies and procedures of regulated entities. The association is working with APEGA to align the PPMP template with the Three Pillar Model, which will create efficiencies for those organizations that practice in both BC and Alberta.

The PPMP must include:

- all professionals on staff (this could also be captured online during application and renewal);
- identify Responsible Member(s) (this could also be captured online during application and renewal);
- organization's structure and areas of practice;
- policies and procedures for ethics pillar;
- policies and procedures for professional development and competency pillar; and
- policies and procedures for QM pillar.

Having requirements in-line with Alberta will simplify requirements for entities operating in both provinces and will assist in working towards the possibility of having reciprocity with Alberta's Permit to Practice Program.

5.2.2 CONSIDERATIONS FOR BC FIRMS PRACTICING IN MULTIPLE PROFESSIONS

The new *Act* requires regulation of firms who practice in six professions: engineering, geoscience, forestry, biology, agrology and applied science and technology. Many firms employ professionals in two or more of these professions. The corporate regulatory model developed by the Task Force (i.e., the Three Pillar Model) is relevant beyond the professions of engineering and geoscience.

If other professions also use the Three Pillar Model then there is an opportunity to create efficiency in how corporate regulation is implemented across the professions regulated by the new *Act.* For instance, a firm would only have to develop one PPMP that covers all of its regulated professions and one audit could be sufficient for checking that the appropriate policies and procedures have been developed and implemented.

The Task Force encourages the association to continue working with government and the other professional associations to get alignment in corporate regulatory models under the new *Act.*

If sufficient alignment is achieved, a Corporate Practice Association Coordination sub-committee could be established and could report to the Corporate Practice Committee. This sub-committee would coordinate the corporate practice requirements between the associations under the new *Act*, ensuring consistent requirements, sharing of best practices, facilitating potential resource sharing, and mitigating bureaucracy for entities that employ professionals from multiple associations.

5.2.3 CONSIDERATIONS FOR FIRMS PRACTICING OUTSIDE OF BC

5.2.3.1 Firm with Offices in BC that also Provide Products or Services to other Jurisdictions

Entities located solely in BC or with location(s) in BC and other jurisdictions, have to meet the regulatory requirements for the jurisdiction where the engineering or geoscience work is being conducted or implemented. This includes having a PPMP where required (presently only Alberta, with BC to follow).

The OQM Program confirmed, through its national pilot program, where it certified firms across Canada that the QM requirements in BC do not conflict with any other Canadian jurisdiction (note: Independent Review of Structural Design is only required in BC). The other two pillars, ethics and professional development, are consistent in principle. Care should be taken when developing the ethics and continual professional development requirement to ensure they are in line with other Canadian jurisdictions.

Note, a number of the larger OQM-certified firms have implemented consistent policies and procedures for all their Canadian operations.

The Task Force identified the following outstanding issues to resolve:

- How should entities that provide products and services outside of BC be audited? Should only their BC projects/locations be audited?
- How best to simplify documentation for entities that are regulated in multiple jurisdictions? The association should work with Engineers Canada, Geoscience Canada, and other provincial/territorial associations toward this end.

5.2.3.2 Firms Without Office(s) in BC

Entities without a permanent presence in BC must have a BC Permit to Practice and meet all the programs requirements including being registered with the association, and having a PPMP, in order to bid on or conduct work in BC.

Examples of this type of situation include:

- A small firm located in Canmore, Alberta, that provides civil engineering services to clients in both Canmore AB and Golden BC, or
- A large firm based out of Japan that is providing services for an LNG project in Kitimat, BC

The Task Force identified the following outstanding issues to resolve:

- How should entities without offices in BC be audited (including resources, logistics and associated costs)?
- How to address any regulatory obstacles for entities without offices in BC? For example, if an entity does not have a presence in Canada and there is an investigation, can the association get documents from them?

5.2.4 COMMUNICATION PLAN

In implementing the corporate regulatory program, it is important that the association continue to communicate effectively with individual members, regulated organizations and stakeholders. Key points for communication could include the following:

- ensure that the rationale, intent and benefits of corporate regulation is clearly communicated;
- explain the role the association plays in ensuring the implementation is value-added;
- a communication plan to educate Authorities Having Jurisdiction and large consumers of engineering or geoscience on the requirements for Permit to Practice with means of authenticating to provide a proactive mechanism to encourage entities to register with the association;
- obtain input to assist in refining the program moving forward;
- confirm the continued cost neutrality of the program; and,
- convey key performance indicator results.

A communication plan should be developed by the association to address the key points above.

5.2.5 PERFORMANCE INDICATORS

The association should implement measurable performance indicators to verify and evaluate the successful implementation of the Corporate Practice Program. Possible indicators include:

- number of entities regulated;
- status of cost recovery objective;
- need to increase/decrease fee;
- audit trends; and,
- nature of issues and complaints.

An annual report should be developed for publication to individual members and regulated entities.

6.0 CONCLUSION

The Task Force has undertaken a comprehensive review and consultation on the issues around corporate practice and corporate regulation. The Task Force is confident that its recommended corporate regulatory model will provide benefits to the public, the professions, and regulated entities. Furthermore, the model has the potential to set a new best practice for regulating engineering and geoscience entities in Canada and to be adopted by the other four professions regulated under the new *Act.*

The Task Force has recommended that the association proceeds with broad regulatory coverage. That is, to regulate all entities in the private and public sectors that provide products and/or services in BC requiring the practice of professional engineering and/or professional geoscience. This recommendation is generally aligned with the stated government intentions for regulatory coverage under the new *Act.* This broad coverage will ensure a consistent standard across all entities that practice professional engineering and geoscience.

The Task Force acknowledges that there will be challenges to overcome when implementing corporate regulation to the thousands of entities in BC that provide products and/or services in BC requiring the practice of professional engineering and/or professional geoscience. Having reviewed the association's delivery of the OQM Program and its Business Plan for corporate regulation, the Task Force is confident that the association can deliver an effective Corporate Practice Program. In addition, a Corporate Practice Committee will be a key mechanism to provide the association and Council feedback to ensure continuous improvement.

All of the pieces are in place and the time to act is now. The Task Force encourages Council to continue working with government and stakeholders to achieve the successful implementation of a Corporate Practice Program for BC's engineering and geoscience professions.

In summary, the Phase 3 recommendations are:

Recommendation #1: Sole Practitioners

a) The same regulatory model as applied to all other entities, i.e., the Three Pillar Model, should be applied to sole practitioners.
b) The association should identify and implement additional measures to address sole practitioner concerns on the administrative burden of corporate regulation, including a discounted fee, customized training and templates, and other measures.

Recommendation #2: Business Plan

The Task Force recommends that the Business Plan be submitted to Council for approval. If appropriate, further adjustments can be made on the basis of staff interactions with Council. The Task Force is satisfied that:

a) the Business Plan provides for sufficient resources to effectively implement the Corporate Practice Program; and,
b) the Business Plan is aligned with the Phase 2 recommendation for fees to be scaled and set on a cost-recovery basis.

Recommendation #3: Governance Structure for Corporate Practice Program

a) A Corporate Practice Committee should be established to support the implementation of the Corporate Practice Program. This Committee should report directly to the CEO & Registrar and should be at the same level as the existing Professional Practice Committee. The Corporate Practice Committee, under a TOR to be developed, should provide input on the delivery of the Corporate Practice Program and address issues related to the regulation of entities.
b) The Professional Practice Committee should continue under its existing TOR to address professional practice issues with individual engineering and geoscience professionals.
c) Consideration should be given to moving the existing Consulting Practice Committee from reporting to the Professional Practice Committee to reporting to the Corporate Practice Committee. Future considerations should be given to additional sub committees representing other corporate areas of practice, e.g., manufacturing, construction, high technology, etc.

Recommendation #4: OQM Program

The OQM Program should continue as a voluntary certification program, even for regulated entities. The OQM Committee should undertake a review of the OQM Program and recommend any necessary changes to ensure the OQM Program continues as a sufficiently value-added program. This review should include consultation with OQM-certified organizations.

Recommendation #5: Practice Reviews

The Practice Review Program should be reviewed and updated as necessary by the Practice Review Committee and Council to reflect that individual professionals working for regulated entities will be practising under a QM system and will thus be at a lower risk for practice deficiencies and that general practice reviews are equivalent to audits of regulated entities.

Recommendation #6: Timing

The association should continue to work with government to take the necessary steps to advance corporate regulation in line with a target start date of July 1, 2021 as identified in the Business Plan. The Business Plan was developed with this target start date to ensure it would balance the desire to maintain momentum with the need to allow for sufficient lead time to properly resource the program and communicate to members and other stakeholders.

7.0 APPENDICES

Appendix A – Terms of Reference

Appendix B – Sole Practitioner Consultation Report

Appendix C –Corporate Practice Business Plan

Appendix D – Summary of Task Force Recommendations Phases 1 to 3

APPENDIX A

PHASE 3 - TERMS OF REFERENCE

ENGINEERS &
GEOSCIENTISTS
BRITISH COLUMBIA

TERMS OF REFERENCE

1. Name:
Advisory Task Force on Corporate Practice

2. Type/Reporting Relationship:
2.1 Task Force

2.2 Reporting Relationship:
The Task Force is appointed by Council and reports to Council.

3. Purpose:
Through consultation with members and stakeholders, to examine the issue of regulating companies, organizations, and sole practitioners that provide professional engineering and geoscience services, to deliver recommendations to Council on whether Engineers and Geoscientists BC should pursue regulatory authority in this area, and to propose business model that would support this regulatory framework.

4. Authorities of the Committee/Task Force:
The Task Force is authorized to provide advice, guidance, and recommendations to Engineers and Geoscientists BC Council. Recommendations to Council will be based on a majority vote of all Task Force members.

5. Function/Deliverables:
5.1 Implement the following collaborative, three-phased approach to evaluate the regulation of engineering and geoscience organizations employing professional engineers, professional geoscientists, and licensees including sole proprietorships:

5.1.1 Phase 1 – Strategic Consultation and Recommendation

- Guide consultation and consider member and stakeholder feedback in order to develop an informed opinion on whether Engineers and Geoscientists BC should pursue regulatory authority for corporate practice.
- Document options identified through the consultation process that could inform a potential approach to corporate practice oversight.
- Upon completion of Phase 1, provide a recommendation to Council on whether to pursue regulatory authority for corporate practice. Council may consider the recommendation and determine how to proceed.

5.1.2 Phase 2 – Recommend a Model for Corporate Practice Oversight

- Propose a corporate regulatory model which demonstrates positive impacts to protect the public interest and the environment, and provides benefit to the regulated organizations and professionals they employ.

- Consider changes of legislative elements (Act, regulations, bylaws, etc.) which may be required to implement the business model.
- Guide consultation with stakeholders on matters deemed appropriate by the Task Force.
- Further develop options for corporate practice oversight.
- Consider regulatory measures that would not be detrimental to OQM but compliment and support it.
- Keep relevant Engineers and Geoscientists BC volunteer groups informed.
- Define the types of entities that should be subject to Engineers and Geoscientists BC regulatory oversight.
- Ensure that the proposed corporate regulatory model is scalable to accommodate the size and nature of organizations, and be administratively efficient.
- Review and comment on the current authority in the Act to regulate corporate practice.
- Obtain a legal review of the preliminary regulatory model, and a suggested legislative framework to support the proposed model.
- Make a recommendation to Council on the proposed regulatory model, including legislative framework.

5.1.3 Phase 3 – Develop a Business Plan

- Work with staff to prepare a Business Plan for implementation of the regulatory model recommended in the Phase 2 report, and as approved by Council. The business plan is to include the following items for the implementation of corporate regulation:
    a. A funding model based on full cost recovery
    b. All human resources required to support the various departments in the association that will be impacted by the regulation of engineering/geoscience organizations;
    c. All relevant expenses required to regulate engineering/geoscience organizations;
    d. All relevant overheads and payroll costs; and
    e. Timelines for implementation
- Guide further consultation with the sole practitioner community regarding their inclusion in the regulatory program.
- Address relevant issues arising from the Provincial Government's initiative to establish an Office of Professional Regulation and Oversight.
- Provide a recommendation to Council regarding the proposed Business Plan.

6. Resources:

6.1 Funding for the work of the Task Force will be allocated by Council upon receipt of a request from the Task Force.

7. Membership:

7.1 A maximum of 19 members, with representation invited from the following groups/sectors:

- ACEC-BC
- Non-ACEC-BC consulting firm
- OQM-certified organization
- Investigation or Discipline committee

- Professional Practice Committee
- Council member sitting as a government appointee (Council representative)
- Manufacturing industry
- Hi-tech industry
- Mining industry
- Construction industry
- Municipal government
- Provincial government and crown corporations
- Federal government
- Sole practitioner
- Small organization with less than five Engineers and Geoscientists BC professionals
- A major consumer of engineering or geoscience services
- Utilities

7.2 If Engineers and Geoscientists BC members are not available as representatives from the sectors above, non-members may be appointed.

7.3 Failure to obtain a Task Force member from any of the sectors above does not invalidate the Task Force activity.

7.4 At least two members of the Task Force must be current members of Council.

7.5 In the event that a Task Force member is absent for three consecutive meetings, or resigns from the Task Force, the Task Force Chair may propose a replacement Task Force member to Council for consideration.

8. Term of Office:
8.1 The terms of office are until December 2019 or as directed by Council.

9. Selection of Officers:
9.1 The Chair is appointed by Council.

10. Quorum:
10.1 Majority of members.

11. Frequency of Meetings:
11.1 Meetings are at the call of the Chair.

12. Conduct of Meetings:
12.1 The Task Force may meet in person and/or by telephone conference, webcast or other electronic communications media where all members may simultaneously hear each other and participate during the meeting. Generally the latest edition of Robert's Rules should be adopted for the conduct of meetings.

12.2 The Task Force Chair may communicate with Task Force members by e-mail as appropriate.

12.3 The Task Force Chair may use e-mail to propose and call for a consent resolution. The Task Force Chair may or may not allow limited e-mail discussion on the matter. Beyond this, Task Force members have the option of responding by moving, seconding or supporting the

motion, or requesting that it be considered further at a meeting of the Task Force. A consent resolution is deemed to have been achieved if there are no negative votes or calls for in-person discussion, and the number of support votes are equal to or greater than the number required for a quorum. In the case where a member so requests, the motion is not carried, but instead may be brought forward for consideration at a subsequent meeting of the Task Force. (In the case of an urgent matter, this may occur at a special meeting conducted by telephone where the normal requirements for a quorum will prevail.) Any motion so carried is considered to take effect immediately, and should be ratified at the subsequent Task Force meeting and recorded in the minutes of that meeting.

12.4 Information circulated and discussed at meetings is non-confidential unless communicated otherwise.

13. Minutes:

13.1 Minutes, notes or recording of decisions are the responsibility of staff support.

14. Periodic Reporting and Review of Terms of Reference:

14.1 The Task Force Chair shall periodically report to Council on the progress of the Task Force.

14.2 The Task Force shall review its Terms of Reference on commencement of each phase and shall recommend any changes to the Terms of Reference (through the Governance Committee).

15. Staff Support:

Director, Professional Practice, Standards and Development with participation of the Director, Communications and Stakeholder Engagement.

Approved by Council: October 15, 2015 (CO-15-94) Phase 1

Revised and Approved by Council: June 17, 2016 (CO-16-58) – Phase 1

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APPENDIX B

CONSULTATION SUMMARY REPORT

PHASE 3
Corporate Practice Review

CONSULTATION SUMMARY REPORT

JUNE 2019

ENGINEERS &
GEOSCIENTISTS
BRITISH COLUMBIA

TABLE OF CONTENTS

CONSULTATION SUMMARY REPORT

1.0 INTRODUCTION

Engineers and Geoscientists of British Columbia (“the association”) is the regulatory body that oversees the practice of professional engineering and geoscience in the province of BC. It is the duty of the association to uphold and protect the public interest respecting the practice of professional engineering and the practice of professional geoscience (*Engineers and Geoscientists Act*, Section 4.1 (1)(a)).

In the fall of 2015, Engineers and Geoscientists BC’s Council (hereafter referred to as “Council”) established an Advisory Task Force (hereafter referred to as the “Task Force") representing a broad range of disciplines, organizations, and industries to lead an examination of how corporate practice should be regulated in BC as a means of enhancing public protection.

As part of their examination, Council asked the Task Force to make a recommendation on whether the association should pursue regulatory authority over corporate practice and if so, to define the types of organizations that should be subject to regulation. Council has approved a framework for corporate regulation and the new *Professional Governance Act* will introduce corporate regulation in the coming years. Government has indicated that sole practitioners will be included in the new framework.

The Task Force is now examining the appropriate level of regulatory oversight for sole practitioners and Council has asked them to provide recommendations on how sole practitioners should be included in a Corporate Practice Program by June 2019. To inform the Task Force process, from January to March 2019, the association consulted with members on this topic. This report outlines the consultation activities that took place and summarizes what was heard. The Task Force is now in the process of reviewing and discussing the consultation results and formulating their recommendation to Council on this issue. A final report with the Task Force’s recommendations will be submitted to Council in June 2019.

What is Corporate Practice and Corporate Regulation?

The term **corporate** in this document and initiative is used in a broad sense to refer to *all entities* in both the private and public sectors, including any type of private entity formed for business purposes (e.g., corporations, partnerships, sole proprietorship) and any type of public entity (e.g., municipalities, crown corporations, ministries). The term **corporate practice** in this report refers to the provision of engineering or geoscience services and products by any private or public entity. The term **corporate regulation** refers to the licensing and regulation of entities under the *Professional Governance Act.*

Corporate regulation would involve the prohibition of entities practising professional engineering and geoscience in BC unless they have a permit from Engineers and Geoscientists BC, or are a type of entity that is not required to have a permit. For most jurisdictions in Canada, such permits mean that regulated entities need to comply with the engineering or geoscience legislation of the jurisdiction, regulations, and the Code of Ethics and bylaws issued by the regulating authority. Across jurisdictions, there are also a variety of other requirements and responsibilities of permit holders.

What are sole practitioners and sole proprietors?

The term “sole practitioners” is used in this report to refer to any professional engineer or professional geoscientist that practises on their own. Sole practitioners can either be incorporated or unincorporated. When sole practitioners are unincorporated, they are considered a “sole proprietor”, meaning there is no legal distinction between the individual and the business entity. When sole practitioners are incorporated, they are considered a “corporation”, meaning their business is a separate legal entity from the individual practitioner.

2.0 CONSULTATION ACTIVITIES AND FEEDBACK

The consultation process included the following activities:

- webinar on February 13, 2019 attended by over 350 participants;
- survey in March 2019 with over 1100 respondents; and,
- six separate focus groups in March 2019 with about 40 sole practitioner members.

The content and feedback received for each of these activities is summarized in the following sections.

2.1 WEBINAR

The webinar was open to business owners and senior managers, sole practitioners, and anyone interested in how corporate regulation will impact them. It summarized the work done by Task Force to date, the key questions and considerations regarding the Task Force’s recommended approach to corporate regulation, and outlined options for how sole practitioners could be included in a Corporate Practice Program. It also covered the anticipated impacts of the new *Professional Governance Act*. A total of 369 sites participated in the webinar. A recording of the webinar is posted on the association’s corporate practice website: www.egbc.ca/corporatepractice.

A key part of the webinar was outlining two alternatives for how sole practitioners could be included in a Corporate Practice Program. The first alternative was that the Task Force’s recommended corporate regulatory model, which has been approved by Council, would also be applied to sole practitioners, and thus sole practitioners would have the same requirements as all other regulated entities in the Corporate Practice Program. While the requirements would be the same, how those requirements are met is flexible and scalable to different sizes of engineering and geoscience entities.

The Task Force’s recommended corporate regulatory model is described in their Phase 2 report and is based on three pillars:

1. **Ethics:** Regulated entities must:
    a) provide an environment that ensures the practice of professional engineering and geoscience is conducted in accordance with the Code of Ethics for Engineers and Geoscientists BC;
    b) adhere to the association’s Professional Practice Guidelines on human rights and diversity; and,

c) adhere to ethical business practices addressing corruption, conflict of interest, and contractual matters.

2. **Quality Management:** Regulated entities must have documented policies and procedures consistent with the quality management requirements in the *Engineers and Geoscientists Act* and Bylaws that apply to their area(s) of practice of professional engineering and geoscience.
3. **Professional Development:** Regulated entities must have a documented professional development policy for engineering and geoscience employees that is appropriate for the professional products and/or services provided by the organization.

The Task Force also recommended an approach to documentation and enforcement in its Phase 2 report to support compliance of regulated entities with these three pillars:

- **Documentation**: All regulated entities must have a Professional Practice Management Plan ("PPMP") in place and available for review upon request by the association. The PPMP will document the organization's policies and procedures with respect to addressing the three pillars of ethics, quality management and professional development.
- **Compliance and Enforcement**: A range of mechanisms need to be available to the association to deliver effective and proportional compliance and enforcement of corporate practice requirements, including audits, production of documents, public notices, fines, negotiated consent orders, investigations, public complaint process, and practice restrictions. Audits of regulated entities should be performed on a regular basis to support regulated entities in meeting professional responsibilities.

The recommendations for the three pillars above, and the supporting recommendations for documentation and compliance and enforcement, are referred to generally by the Task Force and in this report as the '**Three Pillar Model**' of corporate regulation. See the Phase 2 Task Force report for more information on the reasons and considerations with respect to these recommendations.

The alternative to the Three Pillar Model described in the webinar was called the '**Practice Review Approach**'. In this alternative, sole practitioners would have to register in a Corporate Practice Program and would undergo practice reviews on a periodic basis.

The two alternatives – the Three Pillar Model and the Practice Review Approach – are summarized in Table 1. In either alternative, sole practitioners have to meet their current professional responsibilities to have documented policies/procedures for quality management (QM), adhere to the Code of Ethics, and maintain competency. In the Three Pillar Model, sole practitioners would also have to have documented policies/procedures for ethics and continued professional development (CPD), in addition to quality management.

The frequency of audit or review would likely be every 3-4 years in the Three Pillar Model and is unknown for the Practice Review Approach. With the Practice Review Approach, the likelihood of having a technical review would be higher than with the Three Pillar Model. The Three Pillar Model would have similar training and support as what the assocation delivers in the Organizational Quality Management (OQM) Program.

Through the OQM Program, this additional training has proven to improve understanding of professional responsibilities. The Practice Review Approach would not have any additional training and support. Fees for either alternative would be set on a cost-recovery basis. The fees for sole practitioners with the Practice Review Approach were estimated at $0 to ~$250 in the webinar, depending on how the approach was implemented. The fees for sole practitioners with the Three Pillar Model was estimated at ~$250/year.

Table 1: Alternatives for how sole practitioners are included in Corporate Practice Program

COMPONENT	PRACTICE REVIEW APPROACH	THREE PILLAR MODEL
Documented Policies/Procedures	Yes - QM	Yes – QM, Ethics, CPD
Frequency of practice review/audit	Unknown	3-4 years?
Review Process	Investigative and focused on individual – may lead to technical review	Collaborative and focused on the organization's processes
Training & Support	Not Required	OQM-level training / 5 years
Annual Fees	$0 to ~$250	~$250

At the end of the webinar, participants were asked to consider the question: "how should sole practitioners be included in the Corporate Practice Program?" And, specifically, to indicate in a straw poll their preferred option between a Practice Review approach, Three Pillar approach, or other approach.

Out of 369 of webinar attendees / participants in the webinar straw poll, **63% indicated the Three Pillar Model as their preferred alternative.**

Relative to the Three Pillar Model, the Practice Review Approach received low levels of support, with only 22% of the webinar attendees supporting this option. An additional 16% of participants indicated preference for taking an alternative (unspecified) approach.

The process of defining and considering the two alternatives in the webinar did not identify any meaningful advantages or support of the Practice Review Approach over the Three Pillar Model. Furthermore, the experience of trying to communicate the two approaches demonstrated that it would be confusing and difficult to try to implement the Practice Review Approach for sole practitioners alongside implementing the Three Pillar Model for all other entities.

Following the webinar, the association decided to not consider the Practice Review Approach alternative further in the consultation and focus the online survey and focus groups on explaining the Three Pillar Model and getting specific feedback on how this model could best be applied to sole practitioners.

2.2 SURVEY

The online survey focused on getting input on how sole practitioners should be included in a Corporate Practice Program. The survey was promoted during the webinar as well as through a direct email to membership, the association's publications, and social media.

The survey was open from March 8–March 29, 2019. 1,138 respondents participated in the survey, 560 (49%) of which identified themselves as sole practitioners (Table 2). A link was included at the end of the online survey asking respondents who identified as sole practitioners if they were interested in participating in the focus group sessions.

Table 2: Survey respondents by professional types

SURVEY QUESTION	ANSWER CHOICES	RESPONSES	
Which of the following best describes you?	I am a sole practitioner	49%	560
	I am an owner of a business that has two or more professional engineers or professional geoscientists	9%	100
	I am employed by an organization	34%	392
	Unsure	3%	31
	Prefer not to answer		55
	Answered		1138
	Skipped		0

The survey provided a concise description of the Three Pillar Model and asked respondents the extent to which they supported the same framework being applied to sole practitioners as to other regulated entities. Out of a total of 1,062 survey respondents for this question, 36% indicated that they strongly support or somewhat support the same framework being applied to sole practitioners, 44% of survey respondents indicated that they somewhat opposed or strongly oppose the same framework being applied to sole practitioners, and 20% of respondents selected 'neutral' to this question (Table 3).

Table 3: Level of Support for application of the same framework to Sole Practitioners as for other regulated entities

SURVEY QUESTION	ANSWER CHOICES	RESPONSES			
The framework described above will apply to all regulated entities with 2 or more practitioners. To what extent do you support the same framework being applied to sole practitioners?	Strongly support	16%	174	36%	382
	Somewhat support	20%	208		
	Neutral	20%	215	20%	215
	Somewhat oppose	18%	188	44%	465
	Strongly oppose	26%	277		
	Answered		1062		
	Skipped		76		

The level of support varied by professional type, with the level of support being lowest among sole practitioners compared to other categories. Out of 541 sole practitioners who responded to this question, 22% supported the same framework being applied to sole practitioners. The level of support was higher among the professionals who identified as being employed by organizations or as business owners, with over half of these professional types indicating their support (55% and 53%, respectively).

Within sole practitioner respondents, the level of support was compared based on the following variables:

- the length of time the respondent has been practising as a sole practitioner;
- whether the respondent was licensed in Alberta; and,
- whether the respondent was certified through the association's OQM Program.

The results showed that the proportion of sole practitioners indicating support was higher for sole practitioners that have been practising on their own for less time (Figure 1, Table 4). Support was also higher among sole practitioners that maintain a license to practise in Alberta compared to those who do not (28% vs. 20%, Figure 2, Table 4).

Support was considerably higher for sole practitioners that are OQM certified or are in the process of becoming certified (69% vs. 19%, Figure 3, Table 4). The questions on licensing in Alberta and certification through the OQM Program are relevant because the Task Force's recommended model is based on the elements of the OQM Program and the corporate regulatory model applied in Alberta.

Figure 1: Level of Support Amongst Sole Practitioners by Length of Practice as a Sole Practitioner

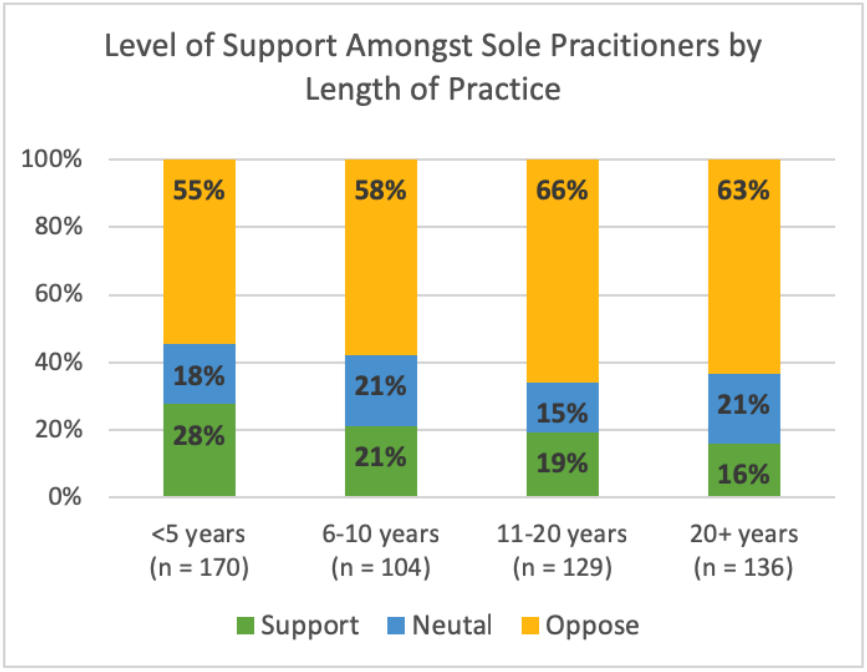


Figure 2: Level of Support Amongst Sole Practitioners by Licence to Practise in Alberta

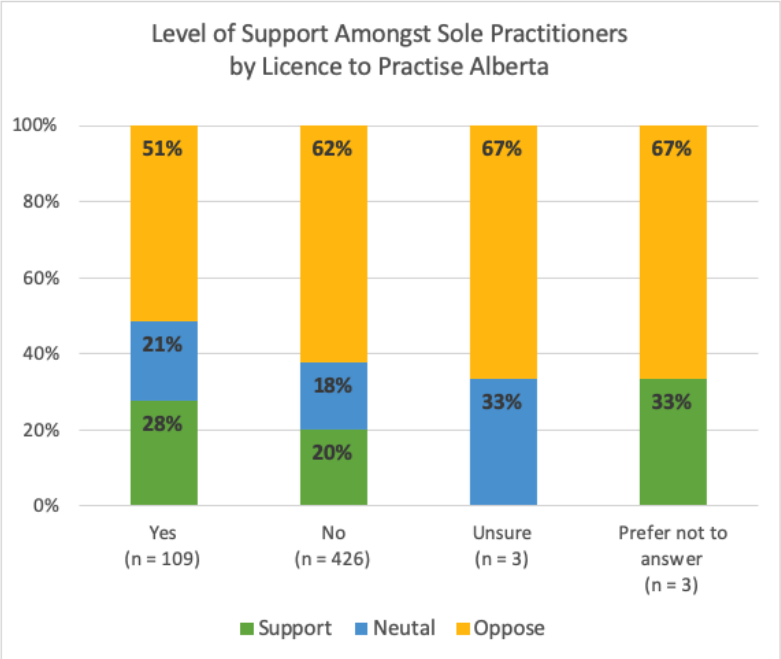


Figure 3: Level of Support Amongst Sole Practitioners with OQM Program Certification

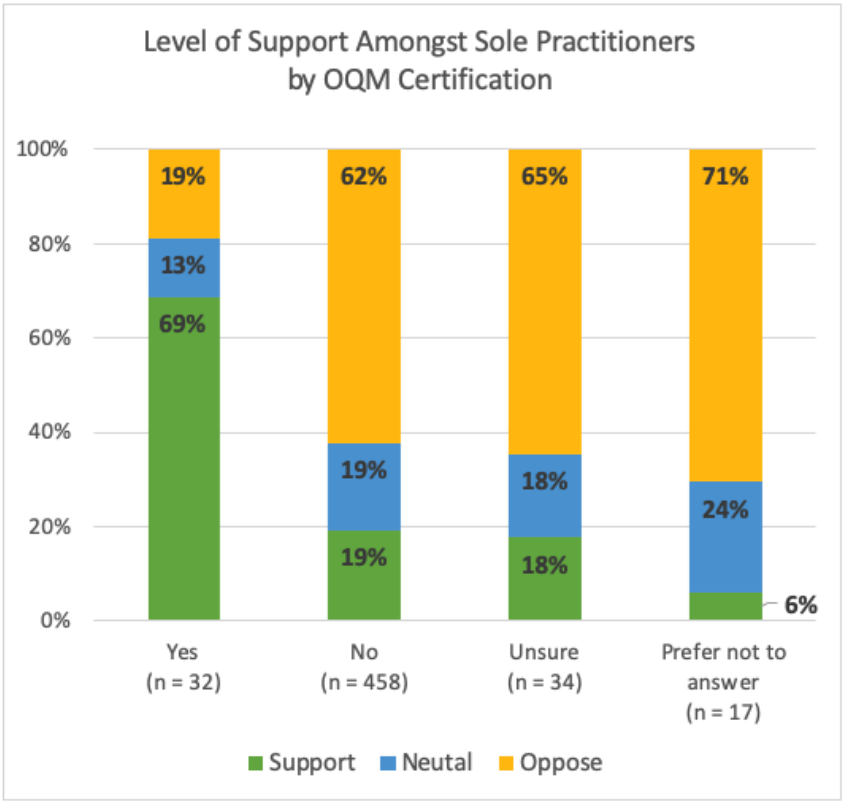


Table 4: Co-relation of Level of Support question to questions on type of professional, length of practice, licence to practice in Alberta, and OQM Program certification

Level of Support for applying the same regulatory framework to sole practitioners as will be applied to all other regulated entities…		Answer Choices	# of Responses	Survey Results		
				Support	Neutral	Oppose
…by Type of Professional *Co-related to **Question**: Which of the following best describes you?*		Sole Practitioner	541	22%	18%	60%
		Employed by Organization	359	55%	22%	23%
		Business Owner	93	53%	17%	30%
		Total	993			
…Amongst Sole Practitioners by Length of Practice ***Co-related to Question:** How long have you been practicing as a sole practitioner?*		<5 years	170	28%	18%	55%
		6-10 years	104	21%	21%	58%
		11-20 years	129	19%	15%	66%
		20+ years	136	16%	21%	63%
		Total	539			
…by Licence to Practise in Alberta ***Co-related to Question:** Do you currently maintain a licence to practise in Alberta?*	All Professional Types	Yes	230	43%	19%	38%
		No	812	34%	20%	45%
		Unsure	7	14%	14%	71%
		Total	1049			
	Sole Practitioners only	Yes	109	28%	21%	51%
		No	426	20%	18%	62%
		Unsure	3	0%	33%	67%
		Total	538			
…by OQM Certification (Current or in Progress) ***Co-related to Question:** Are you, or is your company, OQM certified or in the process of becoming certified?*	All Professional Types	Yes	201	63%	19%	17%
		No	688	29%	20%	52%
		Unsure	137	40%	23%	37%
		Total	1026			
	Sole Practitioners only	Yes[1]	32	69%	13%	19%
		No	458	19%	19%	62%
		Unsure	34	18%	18%	65%
		Total	614			

[1]Note: only 6% of respondents who identified as sole practitioners responded 'yes' to being OQM certified (32 out of 541), compared to 47% (44 out of 93) and 33% (120 out of 359) of respondents who identified as business owners and employees, respectively.

For respondents who indicated they were neutral or opposed to the same regulatory framework being applied to sole practitioners as will be applied to other regulated entities, the survey sought feedback on which particular aspects of the regulatory framework they did not support.

Overall, audits were identified as the aspect that had the least amount of support, and documented policies and procedures for QM, ethical business practices and continuing professional development had the most amount of support (Table 5).

Table 5: Aspects of regulatory framework not supported

SURVEY QUESTION	ANSWER CHOICES	RESPONSES	
What aspects do you not support?	Establishing and maintaining documented policies and procedures for quality management, ethical business practices, and continuing professional development.	45%	302
	Complete training within the first year of corporate registration, and every five years thereafter. (Training comprises a review of the requirements, and advice and support on how to integrate required policies and procedures into your business practice.)	51%	341
	Being audited every three to five to ensure understanding of and compliance with corporate regulatory requirements.	65%	429
	Paying a fee scaled to the size of the organization, according to the number of professionals employed. (Proposed to be $250 per year for sole practitioners)	53%	355
	Other (please specify)	20%	136
	Answered		665
	Skipped		473

Some select quotes are provided below from the surveys for additional context on why respondents didn't support the different aspects of the framework:

- **Documenting policies and procedures**
  - *"I agree in principle with all these, but I am not sure about how the documentation of policies and procedures will work for a sole practitioner, given that they would likely be working for different companies at different times, all of which would have their own policies and procedures. It may be difficult to reconcile the sole practitioner policies and procedures with the corporate ones."*
  - *"Sole practitioners would have different business dynamics. In many cases, the business wouldn't support the ability to introduce quality ethics documentations. If there is a standard document by EGBC, it can be easily followed."*
  - *"Many engineers in a one-man practice typically work on large projects requiring an engineering team, and conduct their work by subcontracting to a larger engineering firm who design as a team. This work has full peer review and follows the larger engineering firm's established practices. For these engineers, who don't stamp drawings and documents under*

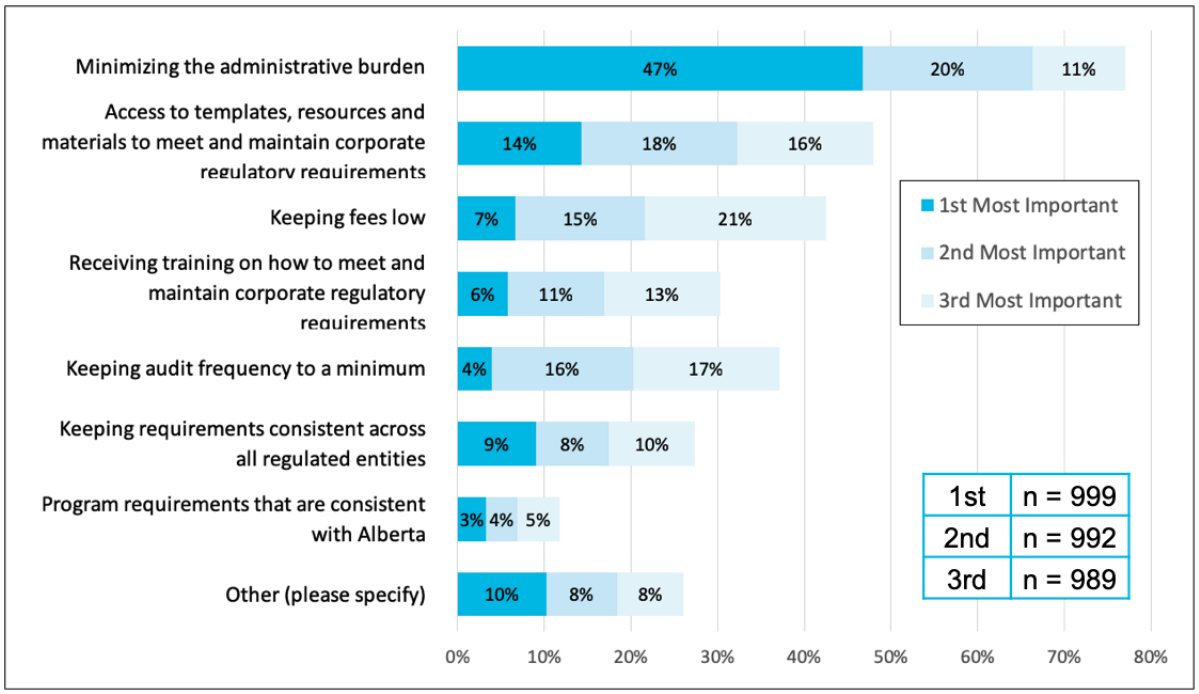
their own corporation, establishing their own practice documents will be done only to keep EGBC satisfied - this should be reconsidered."

- *"Don't need more paperwork (non billable hours) to work on."*

- **Training within the first year of corporate registration, and every five years thereafter**
  - *"In the first year of a business, you'll be busy to get new projects, customers and 100 other things to deal with. If EGBC puts a one year training requirement to the new practitioners, this is not being reasonable and is anti-business!! I think at least 3 years for a new business to have a training plan is more reasonable."*
  - *"As to the training, the only issue I have with this is the anticipated cost of additional training (and any necessary travel expenses, unless the plan is to have them online), especially for someone new setting up a sole proprietorship/single person corporation."*
- **Being audited every three to five years to ensure understanding of and compliance with corporate regulatory requirements**
  - *"Auditing is time consuming and so comes out of overhead expenses...and so should be set at 5 years, not 3 to 5."*
  - *"For a sole practitioner, being audited is a huge burden as it detracts from their earning potential by taking up their time. And because this is their primary income source anything that takes away from their time can be detrimental."*
  - *"I do not know how these audits will be performed, will they be professional auditors or peer audits? I have had poor experiences with peer audits as some people in this industry are not willing to understand the specifics of my practice but would rather try to impose the standards of their area of practice on me via the audit."*
- **Paying a fee scaled to the size of the organization, according to the number of professionals employed**
  - *"This will add additional overhead to our operation in BC."*
  - *"$250 per year in addition to membership fees seems steep for sole practitioners. I agree with the concept of a sliding scale (larger organizations pay more) but every effort must be made to keep the cost as minimal as possible."*

Survey participants were asked to rank the top three most important aspects of a Corporate Practice Program. Out of the total number of respondents for this question, '**minimizing the administrative burden**' was selected by 47% of respondents as the 1st most important aspect of a Corporate Practice Program; 78% of members selected it within the top 3 most important aspects. The next most frequently selected aspects that were in respondents top three were: '**access to templates, resources and materials to meet and maintain corporate regulatory requirements**' and '**keeping fees low**' (Figure 4).

Figure 4: Top 3 most important aspects of a Corporate Practice Program



Survey respondents were asked if they see any ways to improving the regulatory framework for application to sole practitioners or any alternative methods for including sole practitioners in a corporate regulatory program. Frequent themes across respondents' comments included:

- Minimize administrative burden (time, effort, cost):
  - Minimize/eliminate audits (e.g. reduce frequency if compliance is good)
  - Minimize fees
  - Simplify documentation as much as possible (e.g. templates)
- Provide online training
- Help sole practitioners with getting independent structural reviews
- Implement a tiered system – reduce/eliminate regulatory requirements for sole practitioners who:
  - Contract to other regulated entities
  - Provide low risk services
  - Have low billings or who work part-time
  - Are semi-retired and provide services to friends/family

2.3 FOCUS GROUPS

Six 90-minute focus groups were held with sole practitioners in Vancouver, Kelowna, and Victoria in March 2019. The purpose of these focus groups was to better understand how the Task Force's recommended corporate regulatory model, the Three Pillar Model, would affect sole practitioners, and how the communication and application of this model could address any key concerns of sole practitioners. Participants in the focus group sessions were selected to achieve a diversity of practice areas, years of experience, gender and regional representation.

Generally, sole practitioners participating in the focus groups:

- see themselves as providing an important service to a market that would otherwise be underserved;
- see their practice as generally low risk;
- see themselves as small business people that are overburdened with regulation;
- had a high awareness that *Professional Governance Act* was bringing changes, including corporate regulation for sole practitioners, but poor knowledge of the details of what was being proposed; and,
- did not see a clear rationale for including sole practitioners in corporate regulation as they were already regulated as individual professionals.

The focus group coordinator reviewed and discussed how key aspects of the Task Force's recommended corporate regulatory framework, the Three Pillar Model, would affect sole practitioners.

A summary of focus group participant responses is provided in Table 6.

Table 6: Summary of how key aspects of the corporate regulatory framework would affect sole practitioners

ASPECT	SUMMARY OF EFFECTS TO SOLE PRACTITIONERS
Documented policies and procedures	Current OQM participants considered this as easy and a good reminder for everyone regarding best practices.
Training	Non-OQM participants worried about the administrative time.
Audit	Participants were interested in the training and liked the idea that initial training would result in completed "take-away" documentation. The one-day training was considered as reasonable while less-urban respondents hoped that the training could take place through remote services.
Costs & Effort (administration of new regulation)	OQM participants spoke to the relative ease of going through an audit which allied some concerns for other participants. However, the problems they identified weren't about the audit itself, but rather in preparing for it. They said that the frequency should be kept as low as possible.
Overall Fairness	Participants said that conducting audits on sole practitioners would increase association costs and worried that they would pay higher fees to support the program.

Overall Value	Participants disliking the changes said that they penalized them for being sole practitioners. They added that they are already regulated as individuals so an additional level of oversight is irrational and unnecessary.
Fees	For the most part, respondents were either agnostic or pessimistic about the change. This essentially stems from perceptions that they are being unduly regulated "twice." Those enrolled in OQM were more likely to see a benefit to the change.

Similar to the survey, the key concern with corporate regulation raised in the focus groups was the additional administrative burden associated with documentation, training and auditing. A few focus group participants that had small-scale practices were concerned that the additional administrative burden could put them out of business.

Suggestions raised through the focus group sessions on how to address concerns included:

- recognize sole practitioners as different (they act as administrator, consultant, and manager);
- recognize that many sole practitioners have lower risk practices than larger companies;
- provide a clearer rationale for why sole practitioners should be included in Corporate Practice Program;
- minimize administrative burden – i.e., ensure the process is simple and uncomplicated, and minimize time and costs to sole practitioners;
- provide on-line training;
- provide customized training and templates for sole practitioners that recognize they will have simpler procedures than larger companies; and,
- reduce audit frequency for sole practitioners with good audit performance.

3.0 NEXT STEPS

The Task Force is considering the feedback received from this consultation process and will provide recommendations to Council on how to include sole practitioners in the Corporate Practice Program in June 2019.

APPENDIX C

BUSINESS PLAN

ENGINEERS & GEOSCIENTISTS BRITISH COLUMBIA

CORPORATE PRACTICE BUSINESS PLAN

1.0 BACKGROUND

At the June 15, 2018 Engineers and Geoscientists BC Council meeting, the three pillar regulatory model for corporate practice was approved. Further to this, Council directed the Advisory Task Force on Corporate Practice ("ATFCP") to move to the final phase (Phase 3) of their work as outlined in their Terms of Reference.

The key Phase 3 deliverable is the business plan for the regulation of legal entities ("entities") that practice professional engineering/geoscience. The business plan is consistent with recommendation 5 in Section 3 of the Phase 2 Report approved by Council at their June 15, 2018 meeting.

Specifically recommendation 5 states, "The corporate practice program should be funded through a cost-recovery model that is scaled in proportion to the number of engineering and geoscience professionals that are employed by an organization and that are licensed to practice in BC. This would include reviewing the cost-recovery funding formula on a periodic basis". On this basis, the formula for determining revenues is to be consistent with the one used for the Organizational Quality Management (OQM) Program. Additionally, the revenues are to be offset by the cost of all programs and systems put in place that are specific to the regulation of entities. In other words, the corporate regulatory program will not be a generator of net revenue for the Association.

The *Regulations Intentions Paper Consequent to the Proposed Professional Governance Act* (the "*Intentions Paper*") issued by government after the *Professional Governance Act* (the "*Act*") received Royal Assent, identifies the "Regulation of Entities" as one of the three key areas for regulatory development. Importantly, the Intentions Paper not only references the work of Engineers and Geoscientists BC but also states that it is government's intent to use the regulatory model developed by the ATFCP and approved by Council as the basis for the regulation of entities in BC. This same paper goes on to identify that entities "may be a company, partnership, corporation, or other association of persons including consulting entities, industry companies, and provincial and local governments". While the *Intentions Paper* states it is the intent that the regulation of entities is to be applied broadly, the *Act* provides authorities for exemptions.

Additionally, government also identified in the Intentions Paper that due to the considerable work Engineers and Geoscientists BC ("the association") has completed in preparing for the regulation of entities, the association "may be granted the ability [to regulate organizations] as early as 2020".

After extensive consultations with staff and a council forum session, the business plan was developed on the premise of the association registering engineering/geoscience entities effective July 1, 2021.

It is felt that this timing addresses two issues:

1. The corporate practice initiative has momentum and traction has been gained with the membership and a wide variety of stakeholders with respect to awareness and understanding. If delayed, there may be a change of representatives within the various stakeholders, leading to lack of awareness and understanding of corporate practice.
2. The association will require additional staff and lead time for recruitment and training, in order to be prepared for the July 1, 2021 launch date. Staff at the association feel that two years is enough time to develop the resources needed to successfully implement corporate practice. In addition, time is required to create awareness and understanding within the various sectors where engineering/geoscience entities practice. Clarity will need to be provided on the types of engineering/geoscience entities in the private and public sector that are to be regulated as well as the requirements and processes entities will need to put in place. This requires the development of regulatory and communications materials prior to July 1, 2021. Note: Training to be made available September 2020.

2.0 BUSINESS PLAN PRINCIPLES

The business plan was developed based on five main principles:

1. Corporate regulation will be on a cost recovery basis and not funded through existing revenue streams. It is expected that funding will be initially provided through a loan. This will separate corporate regulation from all other association programs, which will allow for full transparency.
2. The corporate practice business plan should be aligned with the OQM program.
3. The business plan should be aligned with the Association of Professional Engineers and Geoscientists of Alberta's ("APEGA") Permit to Practice program.
4. The business plan should include measures to mitigate potential burdens to sole practitioners.
5. There should be an annual commitment to review and reassess the business model.

3.0 BUSINESS PLAN ASSUMPTIONS

The business plan financial model was developed using a number of assumptions and criteria based on the OQM program and APEGA's Permit to Practice program numbers.

The following is a summary of the assumptions, criteria and considerations. Note that inflation has been accounted for in the financial model however, late fees and other financial penalties have not yet been determined.

1. Total Number of Regulated Entities

The corporate regulation model allows for the consideration of many types of scenarios with respect to the number of regulated entities. It is anticipated that once we reach a steady state there will be approximately 2,500 regulated entities. This number is based on APEGA having almost twice the number of registered professionals as Engineers and Geoscientists BC, and over 4600 entities with a permit to practice, which does not include unincorporated sole practitioners at this time. In addition, the BC government is taking an approach with respect to the regulation of entities that "is intended to apply broadly". However, the authority to provide exemptions through regulation is included in the new *Act*. The *Intentions Paper* specifically mentions "there may be services within government that

should be exempted". This is similar to the approach taken in Alberta so the assumption of 2500 excludes government entities to allow for a conservative assumption.

The model assumes that it will take 3 years to reach the full complement of 2500 registered entities.

2. Annual Fee

The formula for determining the annual fee paid by regulated entities follows the approach developed by the association for the OQM program. The proposed formula for corporate regulation is $500 x √n, with n being the number of engineering and geoscience professionals on staff, including members-in-training. APEGA implemented the same formula and multiplier on July 1, 2018. Additionally APEGA provides a 50% fee reduction to sole practitioners, which the association will also provide.

Due to the nature of the above referenced funding formula, the number of sole practitioners, medium entities and large entities can have a major impact on revenues. On this basis, the following is the assumption made with respect to the breakdown of entity sizes used in order to forecast revenues: 50% sole practitioners, 35% medium (2-10 professionals) and 15% large (11+ professionals). This breakdown has been derived from five years of OQM registrations in combination with information proved by APEGA on company size (number of registered professionals).

3. Application Fee

The $350 application fee for a permit to practice in BC will include one seat for the full day training session. If an entity would like to send additional staff to the training session, there would be an additional charge per person. APEGA's registration fee is currently $495.25 with no additional charge for training. The (BC) application fee is lower than APEGA's to offset the fee for sending additional staff to training. Entities will OQM certification as of July 1, 2021 be exempt from having to pay the application fee, however they will have to attend the training session and pay the annual fee.

4. Training Fee

One seat at a training session is included in the application fee; additional individuals can attend the training session for $200 per person. This fee covers the cost of delivering training in all regions of the province.

Regulated entities are required to have a representative attend a training session every 5 years. Based on the assumed 3 years to reach full complement, all entities will be trained by the fourth year after launch of corporate regulation.

5. Training Expense per Person

The training costs are based on OQM actuals; this is conservative as we anticipate economies of scale coming into play (e.g., larger venues), however this may be negated due to providing more training sessions in remote locations.

6. Contingency

The financial modeling has incorporated standard contingency to allow for potential unexpected costs.

7. Turnover Between Companies

Annual turnover for entities has been considered in the financial model, which reflects trends in OQM actuals (annual number of new entities, entities that become defunct and entities that merge).

8. Percent Growth

Percent growth of number of entities is based on membership trends.

9. Audit Expense per Entity

Audit expense per entity is based on OQM actuals.

10. Audit of Entities per Year After Steady State

The assumption is that 576 audits would need to be conducted annually. With 2,500 entities, this would result in an audit frequency of 4.5 years. This increase in the number of audits per year as compared to OQM would result in the need to properly resource the association with the necessary staff positions.

11. Transparency

In order to demonstrate transparency that corporate regulation will operate on a cost recovery basis, it is intended that the initial funding be provided through a loan. This will reinforce that corporate regulation is not being funded through an increase in membership fees and that it is truly based on a cost recovery model, both in practice and in the separate nature of the platform used to track the financing of corporate regulation.

4.0 HUMAN RESOURCES AND EXPENSES

An increased workload servicing corporate regulation will impact the following departments:

- Professional Practice, Standards and Development
- Legislation, Ethics and Compliance
- Communications
- Information Systems

Comprehensive consultation with the effected departments was conducted to ascertain budgetary requirement based on the above assumptions.

The startup cost is approximately two million dollars, with this amount being paid back in year five. The annual operating budget, at steady state, is projected to be two million dollars at the projected 2,500 entities registered.

With the financial model indicating that repayment of the startup costs will occur within five years (Q2 of the fifth year); the model was stress tested and found that with a 15% reduction of the assumed 2,500 regulated entities, the five year repayment period would still be met (by end of Q4 of the fifth year).

5.0 POTENTIAL RISKS

1. Launch Date

A launch date of July 1, 2021 has been selected as a compromise between allowing adequate time to prepare for the launch, and not waiting too long and losing the momentum that is currently in favor of corporate practice. Moving the date in either direction would have consequences.

Various launch dates have been explored using the financial model. Delaying the launch date has significant implications on the bottom line.

2. Internal Start Date

Failure to resource corporate regulation with adequate staff in a timely manner will result in a failure to be appropriately prepared to launch on the target date of July 1, 2021.

3. Regulations & Bylaws

Regulations and bylaws under the *Act* have yet to be drafted. The associated risks include:

- The regulations and/or bylaws are not in line with the model developed by Engineers and Geoscientists BC ATFCP.
- The regulations and/or bylaws not being in place soon enough to develop the required material for corporate regulation.

4. Adoption Rate

The business plan assumes three years for the majority of entities to register with the association. Depending on mechanisms in place to motivate entities, the assumed adoption rate may be conservative or optimistic.

5. Number of Entities

As explained previously, the total number of entities is based on sound logic; however, this includes projections for all sole practitioners to be included. Exclusion of some or all sole-practitioners will significantly affect this number.

The government has not finalized which entities may be exempt from regulation; however, the current model reflects the exemption of government ministries and municipal government. If government ministries and municipal governments are to be included, the model will require revisions.

Even though the projection is based on sound logic, it is a projection and the final number will not be known until corporate regulation reaches steady state.

The exclusion of sole practitioners would exceed 15% stress test conducted and therefore the model will require revisions if the government decides to change course and exclude sole practitioners.

6. Breakdown of Entity Sizes Used to Forecast Revenues

The breakdown of entity size, 50% sole practitioners, 35% medium (2-10 professionals) and 15% large (11+ professionals), is based on OQM actuals. As OQM is a voluntary program, the final actuals of mandatory corporate regulation may vary.

7. Funding

The business model uses a conservative interest rate, however this rate may vary.

8. Risk Related to Staffing

A number of key roles will need to be filled in order to deliver corporate regulation. It has been assumed that with appropriate lead time, recruiting for these individuals will be successful.

9. Loss of Goodwill Gained Through OQM Program

If corporate regulation is not communicated and proven to be a value add once fully implemented, the goodwill gained through the OQM program could be eliminated.

10. Multi-Disciplinary Entities

The model assumes that only members and members-in-training (MIT) of the association are included in the fee formula. If an agreement is made with the other four regulators to include their

professionals who work in multi-disciplinary firms in the funding formula, then adjustments to the model will be required.

6.0 SUMMARY

Initial funding for corporate regulation is expected to be provided through a two million dollar loan, ensuring corporate regulation is financially separated from all other Association programs and allowing for full transparency. Repayment of the initial funding loan is expected be complete in year five.

The business plan and funding formula used is in alignment, and based on data gathered from Engineers and Geoscientists BC's OQM program and APEGA's Permit to Practice program. Sole Practitioners will be eligible for a 50% fee reduction to alleviate the financial burden.

The business model and financial performance is to be reviewed annually and adjusted as required.

APPENDIX D

SUMMARY OF TASK FORCE RECOMMENDATIONS PHASES 1 TO 3

ENGINEERS & GEOSCIENTISTS BRITISH COLUMBIA

SUMMARY OF TASK FORCE RECOMMENDATIONS

PHASES 1 TO 3

PHASE 1

1. Recommendations on Corporate Regulation

In Phase 1, on the question of whether the association should pursue regulatory authority over corporate practice, the Advisory Task Force on Corporate Practice reached agreement on the following recommendations:

- That the Association of Professional Engineers and Geoscientists of British Columbia ("APEGBC") pursue regulatory authority over corporate practice.
- That a corporate regulatory model be developed which demonstrates positive impacts to protect the public interest and the environment, and provides benefit to the regulated organizations and the professionals that they employ.
- That the corporate regulatory model be scaled according to the size and nature of the organization, and be administratively efficient.

2. Recommendations on Regulatory Coverage

Also in Phase 1, the Task Force recommended that the following types of engineering and geoscience organizations be subject to corporate regulation:

- Consulting firms providing professional engineering or geoscience services (including incorporated sole practitioners).
- Engineering and geoscience testing and assessment companies (e.g., entities that carry out material testing for the purposes of certification of material properties in order to meet required standards/specification or the confirmation of ore grades/mineral properties).
- Private sector organizations that carry out the "practice of professional engineering or geoscience"10 for internal or external purposes (e.g., may include private utilities, resource companies, process industries, design-build organizations, construction companies, etc.).
- Public sector organizations that carry out the "practice of professional engineering or geoscience"11 for internal or external purposes (e.g., provincial government agencies, regional and local governments, crown corporations, public utilities, institutions, etc.).

Further, the Advisory Task Force on Corporate Practice recommended a more detailed review of the following types of organizations that practise professional engineering or geoscience to see whether they are already sufficiently covered under other regulatory mechanisms or standards to ensure protection of the public interest and the environment. These include:

- Organizations that design and manufacture custom design engineered products, structures, software, processes or facilities.
- Organizations that design, build and manufacture (off-the-shelf) engineered products (e.g., equipment, vehicles) whose quality and safety are regulated through other existing standards and requirements.
- Organizations that carry out research and development.

The Advisory Task Force on Corporate Practice also recommended further review of federal government agencies operating within BC to see whether corporate regulation would be warranted and possible in view of jurisdictional issues.

The Advisory Task Force on Corporate Practice also recommended that unincorporated sole practitioners who provide consulting professional engineering and geoscience services should not be subject to corporate regulation, as they are sufficiently regulated as individuals under the existing *Engineers and Geoscientists Act* and are also subject to APEGBC's Practice Review Program.

PHASE 2

In Phase 2, the Advisory Task Force on Corporate Practice identified seven key components to an approach for regulating corporate practice and provided recommendations on each of these components.

The reasons for these recommendations along with further advice on their implementation are provided in Phase 2 Task Force Report.

1. **Regulatory Coverage:** The corporate practice program should include **all organizations** in the private and public sectors that provide products and/or services in BC requiring the practice of professional engineering and/or professional geoscience.
    a) **"Organizations"** includes all corporations, partnerships, sole proprietors and other public and private entities that provide products and/or services in BC requiring the practice of professional engineering and/or geoscience.
    b) With respect to sole proprietors (i.e. unincorporated sole practitioners), the association should conduct additional consultation on whether corporate regulatory requirements and fees would differ from other regulated organizations.
2. **Regulatory Model:** A corporate regulatory model should be based on three pillars:
    a) **Ethics:** Regulated organizations must:
        i. Provide an environment that ensures the practice of professional engineering and geoscience is conducted in accordance with the Code of Ethics for Engineers and Geoscientists BC ("the association").
        ii. Adhere to the association's Professional Practice Guidelines on human rights and diversity.
        iii. Adhere to ethical business practices addressing corruption, conflict of interest, and contractual matters.

b) **Quality Management**: Regulated organizations must have documented policies and procedures consistent with the quality management requirements in the *Engineers and Geoscientists Act* and Bylaws that apply to their area(s) of practice of professional engineering and geoscience.

c) **Professional Development**: Regulated organizations must have a documented professional development policy for engineering and geoscience employees that is appropriate for the professional products and/or services provided by the organization.

3. **Documentation**: All regulated organizations must have a Professional Practice Management Plan (PPMP) in place and available for review upon request by the association. The PPMP will document the organization's policies and procedures with respect to addressing the three pillars of ethics, quality management and professional development.
4. **Compliance and Enforcement**: A range of mechanisms need to be available to the association to deliver effective and proportional compliance and enforcement of corporate practice requirements, including audits, production of documents, public notices, fines, negotiated consent orders, investigations, public complaint process, and practice restrictions. Audits of regulated organizations should be performed on a regular basis to support regulated organizations in meeting professional responsibilities.
5. **Cost-Recovery**: The corporate practice program should be funded through a cost-recovery model that is scaled in proportion to the number of engineering and geoscience professionals that are employed by an organization and that are licensed to practice in BC. This would include reviewing the cost-recovery funding formula on a periodic basis.
6. **Legislation**: The current provisions in the *Engineers and Geoscientists Ac*t with respect to Certificates of Authorization should be revised as appropriate to reflect the recommendations above. The term "Certificate of Authorization" should be replaced with "Permit to Practice."
7. **Organizational Quality Management Program:** The Organizational Quality Management (OQM) Program should continue as a value-added and voluntary certification program. To ensure efficiency between the OQM program and the corporate regulatory program, the task force recommends the following:

   a) Corporate regulatory fees for OQM-certified organizations are to be reduced based on a cost-recovery model that considers cost efficiencies for administering the OQM program and the corporate regulatory program.

   b) An OQM certified organization can refer to the quality management policies and procedures established for OQM certification to meet the quality management requirements of its Professional Practice Management Plan.

   c) Audits for OQM and corporate regulation must be done in an integrated manner.

PHASE 3

1. Sole Practitioners

a) The same regulatory model as applied to all other entities, i.e., the Three Pillar Model, should be applied to sole practitioners.

b) The association should identify and implement additional measures to address sole practitioner concerns on the administrative burden of corporate regulation, including a discounted fee, customized training and templates, and other measures.

2. Business Plan

The Task Force reviewed the Business Plan and recommends that the Business Plan be submitted to Council for approval. If appropriate, further adjustments can be made on the basis of staff interactions with Council. The Task Force is satisfied that:

a) the Business Plan provides for sufficient resources to effectively implement the Corporate Practice Program; and,

b) the Business Plan is aligned with the Phase 2 recommendation for fees to be scaled and set on a cost-recovery basis.

3. Governance Structure for Corporate Practice Program

a) A Corporate Practice Committee should be established to support the implementation of the Corporate Practice Program. This Committee should report directly to the CEO & Registrar and should be at the same level as the existing Professional Practice Committee. The Corporate Practice Committee, under a Terms of Reference to be developed, should provide input on the delivery of the Corporate Practice Program and address issues related to the regulation of entities.

b) The Professional Practice Committee should continue under its existing Terms of Reference to address professional practice issues with individual engineering and geoscience professionals.

c) Consideration should be given to moving the existing Consulting Practice Sub Committee from reporting to the Professional Practice Committee to reporting to the Corporate Practice Committee. Future considerations should be given to additional sub committees representing other corporate areas of practice, e.g., manufacturing, construction, high technology, etc.

4. OQM Program

The OQM Program should continue as a voluntary certification program, even for regulated entities. The OQM Committee should undertake a review of the OQM Program and recommend any necessary changes to ensure the OQM Program continues as a sufficiently value-added program. This review should include consultation with OQM-certified organizations.

5. Practice Reviews

The Practice Review Program should be reviewed and updated as necessary by the Practice Review Committee and Council to reflect that individual professionals working for regulated entities will be practising under a quality management system and will thus be at a lower risk for practice deficiencies and that general practice reviews are equivalent to audits of regulated entities.

6. Timing

The association should continue to work with government to take the necessary steps to advance corporate regulation in line with a target start date of July 1, 2021 as identified in the Business Plan. The Business Plan was developed with this target start date because it would balance the desire to maintain momentum with the need to allow for sufficient lead time to properly resource the program and communicate to members and other stakeholders.