



Determining the Need for
Professional Involvement in
Outsourced Geoscience
v. 1.1

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The Association of Professional
Engineers and Geoscientists of Alberta

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FOREWORD

APEGA publishes practice standards and guidelines for the purpose of educating its members and the public about matters of professional practice. Practice standards and guidelines are not intended to be short courses in engineering or geoscience. In general, these documents are produced to meet the following objectives:

- To assist APEGA members in performing their professional role in accordance with the Engineering and Geoscience Professions Act and the Engineering and Geoscience Professions Regulation under the act.
- To help the public understand the role of APEGA members and the responsibilities members have when performing their professional services.

This guideline was developed in 2009 as a companion document to the guideline for outsourced engineering.

This latest revision of the guideline reflects changes to the name of the Association and the governing legislation that became effective in 2012.

Comments that would help to improve this document should be addressed to:

Ray Chopiuk, P.Eng.
Director of Professional Practice
APEGA
1500 Scotia One, 10060 Jasper Avenue
Edmonton, Alberta T5J 4A2
E-mail: rchopiuk@apega.ca

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1 OVERVIEW

The Oxford English Dictionary defines the verb "outsource" as "to obtain..... by contract from a source outside the organization or area; to contract (work) out". For the purposes of this guideline, outsourced geoscience is defined as geoscience obtained from sources that are located outside Alberta. The geoscience could be outsourced to a consultant in another province or in the United States or to someone anywhere else in the world. In the context of this guideline, outsourced geoscience includes "offshore" geoscience, usually meaning the source is outside North America.

Organizations outsource geoscience activities for a variety of reasons including the following:

- limited availability of internal geoscience resources,
- the desire to continue work "around the clock" in a global context,
- the need for specialized expertise,
- temporary spikes in the demand for geoscience resources,
- the ability to convert fixed payroll costs to flexible contract costs,
- the economics of utilizing lower-cost foreign resources.

From a regulatory perspective, the questions that arise with respect to outsourced geoscience are usually twofold: (1) does the outsourced geoscience need to be stamped by an APEGA-licensed geoscientist? (2) what responsibilities do APEGA-licensed geoscientists and permit holders have when they are asked to stamp such work?

1.1 Scope

The primary focus of this guideline is on geoscience that is outsourced to entities or individuals who are not licensed (registered) to practice geoscience in Alberta.

1.2 Purpose

The purpose of this guideline is to assist in clarifying the regulatory requirements for the involvement of Alberta-licensed geoscientists in outsourced geoscience that will be used in the province of Alberta. It is also intended to serve as a guide to assist geoscientists and permit holders to understand their responsibilities when they undertake a review of outsourced geoscience for the purposes of stamping such work.

It is not this guideline's purpose to examine the benefits, costs, risks, or economic and social implications associated with outsourcing. Neither is it intended to provide guidance concerning the selection process for outsourcing geoscience work. APEGA's *Guideline for Selecting Engineering and Geoscience Consultants* addresses that topic.

1.3 Definitions

For the purposes of this guideline, the following terms and definitions apply.

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Document

Report, map, cross-section plan, specification or other form of written or graphic communication that expresses design, advice, opinions, calculations, recommendations, instructions or other geoscience judgment.

Geoscience

(from the *Engineering and Geoscience Professions Act*)

Reporting, advising, evaluating, interpreting, processing, geoscientific surveying, exploring, classifying reserves or examining related to any activity

- that relates to the earth sciences or the environment,
- that is aimed at the discovery or development of oil, natural gas, coal, metallic or non-metallic minerals, precious stones, other natural resources or water or that is aimed at the investigation of surface or subsurface conditions of the earth, and
- that requires, in that reporting, advising, evaluating, interpreting, processing, geoscientific surveying, exploring, classifying reserves or examining, the professional application of the principles of mathematics, chemistry, physics or biology through the application of the principles of geoscience.

Geoscientist(s)

Professional geoscientists, licensees, professional licensees (geoscience) having appropriate scopes of practice, or permit holders licensed to practice geoscience.

Member of the association/APEGA member

A person who is registered as a professional member or a member of a class or category of membership established under the *Engineering and Geoscience Professions Act*.

Permit holder

A partnership or other association of persons or a corporation that holds a permit under the *Engineering and Geoscience Professions Act*.

1.4 References

This guideline is intended to be read in conjunction with the following publications (URLs valid at time of writing):

Engineering and Geoscience Professions Act, Government of Alberta.
http://www.qp.gov.ab.ca/documents/Acts/E11.cfm?frm_isbn=077970147X

Guideline for Relying on Work Prepared by Others v1.0, June 2003, APEGA,
<http://www.APEGA.ca/pdf/Guidelines/29.pdf>

Guideline for Ethical Practice v2.1, June 2005, APEGA,
<http://www.APEGA.ca/pdf/Guidelines/02.pdf>

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Practice Standard for Authenticating Professional Documents v2.0, April 2002, APEGA, <http://www.APEGA.ca/pdf/Guidelines/26.pdf>

2 DETERMINING THE REQUIREMENT FOR GEOSCIENCE INVOLVEMENT

The requirement for geoscience involvement in a project is often raised in the context of stamping geoscience documents (reports, maps, cross-sections, etc.). With respect to outsourced geoscience, the question most frequently asked is, “Does this particular document need to be stamped by an APEGA-licensed geoscientist?” The underlying question that needs to be addressed is, “Is the involvement of an APEGA-licensed geoscientist required?”

2.1 Regulatory Context

The *Engineering and Geoscience Professions Act* (the EGP Act) pertains to individuals or entities (e.g., corporations, partnerships, etc.) who practice geoscience in the province of Alberta. The EGP Act requires an individual who practices geoscience in Alberta to be licensed. The EGP Act and the *Engineering and Geoscience Professional Regulation* (Regulations) under the EGP Act require APEGA members to stamp geoscience documents that they have prepared or for which they have taken professional responsibility. The Act does not have any authority over a non-member who is practicing geoscience outside Alberta. Neither does the Act govern project work, as such.

At the time this guideline was prepared, there were no legislated requirements (acts, regulations, codes, standards, etc.) identified, other than the EGP Act, that would specifically require the involvement of APEGA-licensed geoscientists. Such being the case, geoscience documents prepared by non-members outside Alberta may be used in Alberta even though the documents have not been stamped by an APEGA-licensed geoscientist.

Should there be any such legislated requirements, questions concerning whether or not a particular activity, process or thing is governed by such legislation would best be resolved by consulting the relevant authority that administers the legislation. While APEGA administers the EGP Act and Regulations, it does not administer any other legislation.

The following may be helpful in understanding whether an APEGA-licensed geoscientist’s stamp is required.

Geoscience work prepared in Alberta for use in Alberta

Since the work is prepared in Alberta, the practice of geoscience takes place in Alberta. The provisions of the EGP Act and Regulations apply. Therefore, geoscience work performed by an organization located in Alberta must be stamped by an APEGA-licensed geoscientist who prepared the work. In addition, the organization for which the geoscientist works must have a permit from APEGA entitling it to practice geoscience in

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Alberta. The organization must show its permit number on the professional documents it issues.

Geoscience work prepared outside Alberta for use in Alberta

Since the work is not prepared in Alberta, there is no geoscience being practiced in Alberta. The provisions of the EGP Act and Regulations do not apply to geoscience practiced outside Alberta. As far as the EGP Act and Regulations are concerned, the work is not required to be stamped and permit numbers are not required.

For example, standards of disclosure for oil and gas activities in Alberta are administered by the Alberta Securities Commission using National Instrument 51-101. The instrument's requirements for the involvement of qualified reserves evaluators and auditors (e.g., geoscientists and engineers) recognize members of regulated professional organizations in any Canadian jurisdiction as well as others whom the ASC deems acceptable. The ability to act as such a qualified person does not belong exclusively to APEGA-licensed individuals even though the disclosure occurs in Alberta.

2.2 Business Context

Legislated requirements notwithstanding, project owners or geoscience consultants might choose to involve APEGA-licensed geoscientists in reviewing geoscience work obtained from outside Alberta. The reasons, among others, include due diligence on the part of the organization outsourcing the geoscience or the desire to have someone else accept professional responsibility.

2.3 Obtaining an Alberta Geoscientist's Involvement

Compliance with a request or a contractual or legislated requirement for involvement of APEGA-licensed geoscientists can be achieved in the following ways.

Obtaining an Alberta License

Individuals who wish to provide geoscience services from outside Alberta might be eligible for registration with APEGA. Suitably qualified Canadian citizens or landed immigrants living in Canada may apply to APEGA and become registered as professional geoscientists or professional licensees. Others may qualify to become registered as licensees. Individuals are not required to live in Alberta in order to be licensed in Alberta.

Having become licensed in Alberta, the individuals would be able to meet a request or requirement for the involvement of APEGA-licensed geoscientists and for the requisite stamped professional documents.

Review by an Alberta-registered Geoscientist

Individuals or organizations who are not licensed in Alberta and who wish to provide geoscience work that requires the involvement of an APEGA-licensed geoscientist can retain a geoscientist who is registered with APEGA to review their work and accept responsibility for it. The EGP Act and Regulations allow a geoscientist to stamp work

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that has been prepared by others after the geoscientist thoroughly reviews the work and accepts responsibility for it. The geoscientist is required to expend as much effort on the review as he or she feels necessary, since the geoscientist will be held professionally accountable for the documents he or she stamps.

2.4 Corporate Permit to Practice

The EGP Act and Regulations require an entity (corporation, partnership, etc.) that practices geoscience in Alberta in its own name to hold an APEGA permit (i.e., be licensed to practice). Permit holders (entities) are required to show their permit numbers on any geoscience documents that they issue. Permit stamps are not required.

If the location of the entity's practice is outside Alberta, the EGP Act and Regulations have no authority over the entity. In other words, the entity would not be required to hold a permit and any documents it produces would not need to show a permit number, unless some other piece of Alberta legislation made that a requirement.

Although it may seem counterintuitive, submitting geoscience documents for use in Alberta is not the same as practicing geoscience in Alberta. If a company's office was located in Alberta, it would be regarded as practicing in Alberta. If the company's geoscientists were actually in Alberta engaging in geoscience, the company would also be regarded as practicing in Alberta. If neither of these is the case, then the company would not be practicing in Alberta even though its geoscience documents might be used in Alberta.

3 PROFESSIONAL RESPONSIBILITIES

The Regulations under the EGP Act were revised in 1999, allowing a professional geoscientist registered in Alberta to stamp and accept responsibility for geoscience documents that were prepared by someone else, after the geoscientist has thoroughly reviewed the documents. The responsibility a geoscientist assumes by stamping someone else's documents is regarded as being the same as if the geoscientist had prepared those documents himself or herself. The simple implication of the provision in the Regulations is that it is permissible for a geoscientist to stamp outsourced geoscience documents without being involved in their preparation.

Geoscientists who review outsourced work need to be aware of their professional responsibilities, regardless of the reasons for their involvement. Organizations that employ those geoscientists also need to understand their obligations.

3.1 Permit Holders' Obligations

The organization that employs geoscientists or retains geoscience consultants to review and stamp outsourced work must understand that the geoscientists are ethically and professionally accountable for their actions under the EGP Act.

A permit holder is corporately responsible for the integrity of its work. A permit holder is responsible for putting in place an organization that enables skilled, professional practice

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to be carried out by competent professionals. It is responsible for putting sufficient quality control procedures in place to preclude errors or omissions in the technical content of a professional document so that the result is a complete and accurate document. A permit holder is responsible for carrying out its business in accordance with the APEGA *Code of Ethics*. Permit holders' obligations (through the firm's designated responsible members) are outlined further in the APEGA *Practice Standard for Authenticating Professional Documents*.

- Permit holders must not place the geoscientists under duress to stamp documents which the geoscientists consider to be deficient.
- Permit holders must provide adequate time and resources for the geoscientists to conduct a thorough review of the work.
- Permit holders must respect the geoscientists' recommendations regarding modifications or corrections that may be necessary.
- Permit holders must recognize that fair and reasonable compensation for such reviews and re-work is an obligation on their part.
- Permit holders must show their permit numbers on documents that their geoscientists have stamped with their professional stamps.

3.2 Geoscientists' Obligations

Not having been involved in the preparation of a document places a significant burden on the geoscientist who undertakes the task of reviewing the document for purposes of stamping it. What constitutes a thorough review will depend on the complexity of the particular matter that is placed in front of the geoscientist. Familiarity with the author of the document and knowledge of the author's experience would also play a part. However, by stamping a document, the geoscientist is accepting professional responsibility for the document notwithstanding its source. APEGA's *Guideline for Relying on Work Prepared by Others* may be of some assistance in determining the level of effort required for the review.

The following are some general considerations:

- The geoscientist must be competent in the subject matter being reviewed.
- The geoscientist must take an adequate amount of time to thoroughly review the work before stamping it.
- The geoscientist must refuse to stamp documents that are deficient.
- For work that is specifically governed by legislation, the geoscientist must ensure that the work meets the requirements set out in that legislation.

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- For work that is not governed by legislation, the geoscientist must ensure that the work has been done in accordance with acceptable geoscience practice.
- The geoscientist must correct any deficiencies in the work before he or she can stamp the work. The geoscientist should establish an audit trail of deficiencies corrected.