



**Forest  
Practices  
Board**

## **Audit of Forest Planning and Practices**

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*Terminal Forest Products Limited and  
Black Mount Logging Inc.*

*Forest Licence A19215*

**FPB/ARC/119**

October 2010

# Table of Contents

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**Audit Results.....2**

    Background.....2

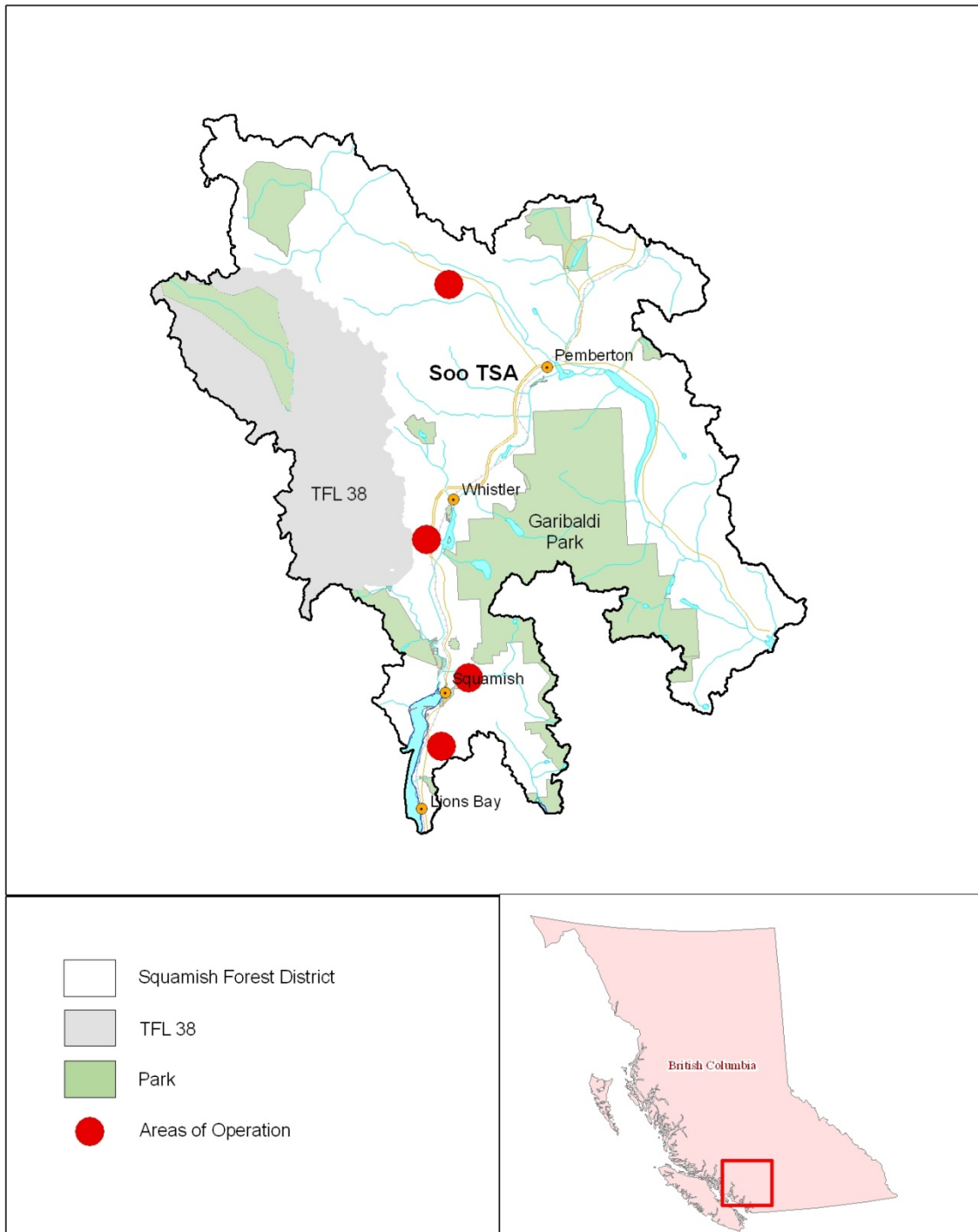
    Audit Approach and Scope .....3

    Planning and Practices Examined .....3

    Audit Opinion .....4

**Appendix 1: Forest Practices Board Compliance Audit Process.....5**

# Audit of Forest Planning and Practices Forest Licence A19215 Squamish Forest District



# Audit Results

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## Background

As part of its 2010 compliance audit program, the Forest Practices Board randomly selected the Squamish Forest District as the location for a full scope compliance audit. Within the district, the Board selected Forest Licence A19215, held by Terminal Forest Products Limited, for audit.

Terminal has held the forest licence since 1982. The licence permits Terminal to harvest almost 60,000 cubic metres of timber annually from the Soo Timber Supply Area (TSA), which has the same boundaries as the Squamish Forest District.

The Soo TSA includes the Sea to Sky Corridor, and Terminal has operated near Furry Creek, Squamish, Whistler, Pemberton and the Lillooet River in the past (see map on page 1).

In January 2009, Terminal signed an agreement to sell the licence to Black Mount Logging Inc. As part of the sale agreement, Terminal permitted Black Mount to apply for cutting permits under the licence, and Black Mount carried out

most of the harvesting activities examined during this audit. Terminal also agreed to meet all silvicultural obligations incurred up to the date of the sale. However, forest licence transfers of this size cannot be completed without written approval from the Minister of Forests and Range, and, as of October 5, 2010, the transfer was not yet complete.

The Board's audit fieldwork took place from June 7 to 9, 2010.

Additional information about the Board's compliance audit process is provided in Appendix 1.



**Figure 1. A cutblock in Furry Creek.**

## **Audit Approach and Scope**

The Board conducted a full scope compliance audit, in which all harvesting, roads, silviculture, protection activities and associated planning done between June 1, 2008, and June 9, 2010, were included in the audit. These activities and associated planning were assessed for compliance with the *Forest and Range Practices Act* (FRPA) and the *Wildfire Act* (WA), and related regulations.

The Board's *Compliance Audit Reference Manual, Version 6.0, May 2003*, and the addendum to the manual for the 2010 audit season set out the standards and procedures that were used to carry out this audit.

## **Planning and Practices Examined**

### **Planning**

Terminal planned activities in its 2006-2011 forest stewardship plan (FSP).<sup>1</sup> It describes the objectives, results, and strategies related to Terminal's harvesting, roads, and silviculture activities.

Site plans<sup>2</sup> for all of the cutblocks harvested in the audit period were audited for consistency with the FSP results and strategies. Harvesting, road, silviculture, and protection activities were examined for compliance with relevant legislation.

### **Timber Harvesting**

Black Mount harvested six cutblocks totaling 107 hectares during the audit period. The Board audited all of these cutblocks. Harvesting was done with both ground-based systems and helicopter logging.

### **Road Construction and Maintenance**

Terminal built five kilometres of new road, a major box culvert and three bridges during the audit period. It was also responsible for maintaining 206 kilometres of forest service roads (FSR) and road permit roads, including 18 FSR bridges and 20 bridges under road permit. Terminal also deactivated 10 kilometres of road in the South Creek area. Black Mount built no new roads or bridges in conjunction with its harvesting operations.

The Board audited 191 kilometres of road maintenance, 35 bridges, and all of the new road construction and road deactivation.

## Silviculture Obligations and Activities

The Board audited:

- regeneration obligations on 27 of 43 cutblocks;
- free-growing obligations on 13 of 16 cutblocks;
- planting trees on 27 of 38 cutblocks; and
- chemical brushing on one 2.8 hectare cutblock.

All of the silviculture activities audited were carried out by Terminal.

## Fire Protection Activities

During the audit period, one active harvesting site was encountered and the fire preparedness requirements of WA were audited.

## Audit Opinion

In my opinion, the timber harvesting, road construction, deactivation and maintenance, silviculture, fire protection activities, and associated planning carried out by Terminal Forest Products Limited and Black Mount Logging Inc. under forest licence A19215 between June 1, 2008, and June 9, 2010, complied in all significant respects with the requirements of the *Forest and Range Practices Act*, the *Wildfire Act*, and related regulations as of June 2010.

In reference to compliance, the term “in all significant respects” recognizes that there may be minor instances of non-compliance that either may not be detected by the audit, or that are detected but not considered worthy of inclusion in the audit report.

The *Audit Approach and Scope* and the *Planning and Practices Examined* sections of this report describe the basis of the audit work performed in reaching the above conclusion. The audit was conducted in accordance with the auditing standards of the Forest Practices Board. Such an audit includes examining sufficient forest planning and practices to support an overall evaluation of compliance with FRPA and WA.



Christopher R. Mosher CA, CEA(SFM)  
Director, Audits

Victoria, British Columbia  
October 5, 2010

# Appendix 1:

## Forest Practices Board Compliance Audit Process

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### Background

The Forest Practices Board conducts audits of government and agreement-holders under the *Forest and Range Practices Act* (FRPA), section 122, and the *Wildfire Act* (WA). Compliance audits examine forest or range planning and practices to determine whether or not they meet FRPA and / or WA requirements.

### Selection of Auditees

The Board conducts about eight or nine compliance audits annually. Most of these are audits of agreement holders. The Board also audits the government's BC Timber Sales Program (BCTS). This section describes the process for selecting agreement holders to audit.

To begin with, auditors randomly select an area of the Province, such as a forest district. Then the auditors review the forest resources, geographic features, operating conditions and other factors in the area selected. These are considered in conjunction with Board strategic priorities (updated annually), and the type of audit is determined. At this stage, we choose the auditee(s) that best suits the selected risk and priorities. The audit selections are not based on past performance.

For example, in 2007, the Board randomly selected the Robson Valley Timber Supply Area as a location for an audit. After assessing the activities within that area, we discovered that two licensees had recently closed operations due to financial problems. As the Board has expressed concern in the past about financially strapped companies failing to meet outstanding obligations, such as reforestation, and road maintenance, the audit focused on the status of the outstanding obligations of these two licences.

For BCTS audits, a forest district within one of the 12 business areas within the province is selected randomly for audit.

### Audit Standards

Audits by the Board are conducted in accordance with the auditing standards developed by the Board. These standards are consistent with generally accepted auditing standards. The standards for compliance audits are described in the Board's *Compliance Audit Reference Manual*.

## Audit Process

### Conducting the Audit

Once the Board randomly selects an area or district and determines the scope of audit to be conducted and the licensee(s) to be audited, all activities carried out during the period subject to audit are identified (such as harvesting or replanting, and road construction or deactivation activities). Items that make up each forest activity are referred to as a population. For example, all sites harvested form the timber harvesting population and all road sections constructed form the road construction population.

A separate sample is then selected for each population (e.g., the cutblocks selected for auditing timber harvesting). Within each population, more audit effort (i.e., more audit sampling) is allocated to areas where the risk of non-compliance is greater.

Audit field work includes assessments of features using helicopters as well as ground procedures, such as measuring specific features like riparian reserve zone width. The audit teams generally spend one to two weeks in the field.

### Evaluating the Results

The Board recognizes that compliance with the many requirements of the Code, FRPA and WA, is more a matter of degree than absolute adherence. Determining compliance, and assessing the significance of non-compliance, requires the exercise of professional judgment within the direction provided by the Board.

The audit team, composed of professionals and technical experts, first determines whether forest practices comply with legislated requirements. For those practices considered to not be in compliance, the audit team then evaluates the significance of the non-compliance, based on a number of criteria, including the magnitude of the event, the frequency of its occurrence and the severity of the consequences.

Auditors categorize their findings into the following levels of compliance:

***Compliance*** – where the auditor finds that practices meet Code, FRPA and WA requirements.

***Not significant non-compliance*** – where the auditor, upon reaching a non-compliance conclusion, determines that one or more non-compliance event(s) is not significant and not worthy of reporting. Therefore, this category of events will generally not be included in audit reports.

***Significant non-compliance*** – where the auditor determines a non-compliance event(s) or condition(s) is or has the potential to be significant, and is considered worthy of reporting.



**Significant breach** – where the auditor finds that significant harm has occurred, or is beginning to occur, to persons or the environment as a result of one or many non-compliance events.

If it is determined that a significant breach has occurred, the auditor is required by the *Forest Practices Board Regulation* to immediately advise the Board, the party being audited, and the Minister of Forests and Range.

## Reporting

Based on the above evaluation, the auditor then prepares a draft audit report. The party being audited is given a draft of the report for review and comment before it is submitted to the Board.

Once the auditor submits the draft report, the Board reviews it and determines if the audit findings may adversely affect any party or person. If so, the party or person must be given an opportunity to make representations before the Board decides the matter and issues a final report. The representations allow parties that may potentially be adversely affected to present their views to the Board.

The Board then reviews the auditor's draft report and the representations from parties that may potentially be adversely affected before preparing its final report. Once the representations have been completed, the report is finalized and released: first to the auditee and then to the public and government.

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<sup>1</sup> A forest stewardship plan (FSP) is a key planning element in the FRPA framework and the only plan subject to public review and comment and government approval. In FSPs licensees are required to identify results and/or strategies consistent with government objectives for values such as water, wildlife and soils. These results and strategies must be measurable and once approved are subject to government enforcement. FSPs identify areas within which road construction and harvesting will occur but are not required to show the specific locations of future roads and cutblocks. FSPs can have a term of up to five years.

<sup>2</sup> A site plan is a site-specific plan that is required in place of a silviculture prescription as of December 17, 2002, except where there is already an existing silviculture prescription. The site plan contains many of the same elements as a silviculture prescription and is designed to identify resource values and define what a free-growing stand will be on that site. However, it is not an operational plan under FRPA and does not require review or approval by government to be implemented.