



**Forest
Practices
Board**

Forestry Audit: British Columbia Timber Sales

Skeena Business Area - Hazelton Field Unit

FPB/ARC/111

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Table of Contents

Board Commentary	1
Audit Results	2
Background.....	2
Higher Level Plans	4
Audit Approach and Scope.....	4
Planning and Practices Examined	4
Overall Findings.....	6
Audit Opinion	6
Appendix 1: Compliance Audit Process	9

Board Commentary

In June 2009, the Board conducted a compliance audit of forest planning and practices of the British Columbia Timber Sales' (BCTS) program and timber sale licence (TSL) holders, in the Skeena Business Area's Hazelton operations, located within the Skeena Stikine Forest District (see map on page 3).

The audit assessed more than 80 cutblocks and over 700 kilometres of road activities and obligations, as well as operational planning by BCTS.

The audit found that BCTS and the TSL holders met all the legislated requirements, except for one TSL holder that exceeded the soil disturbance limits specified in the *Forest and Range Practices Act* (FRPA) in two cutblocks. The non-compliance is considered significant because disturbance levels were considerably over the established legal limits, potentially reducing soil productivity and limiting growing conditions for new trees. For that reason, maximum allowable amounts of soil disturbance are set in regulation.

The Board commends BCTS for actively monitoring the holder of TSL A73060, reporting the suspected soil disturbance non-compliance to the Ministry of Forests and Range, compliance and enforcement staff, and instructing the licensee to rehabilitate the affected cutblocks. When the TSL holder did not complete rehabilitation of the affected areas within the directed timeframe, BCTS carried out rehabilitation works, using funds from the TSL deposit. Rehabilitation included decompacting, draining, re-countouring and grass seeding disturbed areas in both cutblocks.

Audit Results

Background

As part of the Forest Practices Board's 2009 compliance audit program, the British Columbia Timber Sales' (BCTS) program and timber sale licence (TSL) holders in the Skeena Business Area's Hazelton Field Unit, located in the Skeena Stikine Forest District, were selected for audit. Forestry activities were administered by the BCTS Skeena Business Area office located in Terrace.

BCTS is an independent organization within the BC Ministry of Forests and Range (MFR) that develops Crown timber for auction. BCTS offers timber for sale to registrants in the BCTS program, prepares operational plans and issues timber sale licences and road permits. Successful bidders are awarded timber sale licences and must fulfill licence, permit and operational plan obligations, including compliance with legal requirements that apply to timber harvesting and road work within cutblocks.

The Skeena Business Area's Hazelton Field Unit was selected randomly, and not on the basis of location or past performance. Additional information on the compliance audit process is provided in Appendix 1.

The provincial government committed 242,466 cubic metres per year of timber to BCTS timber sale licences in the Kispiox Timber Supply Area (TSA) for harvest – supply blocks A-E.

The forests in the Kispiox TSA are diverse. Commercially harvestable tree species include hemlock, subalpine fir, spruce, lodgepole pine, western red cedar, amabilis fir and cottonwood.

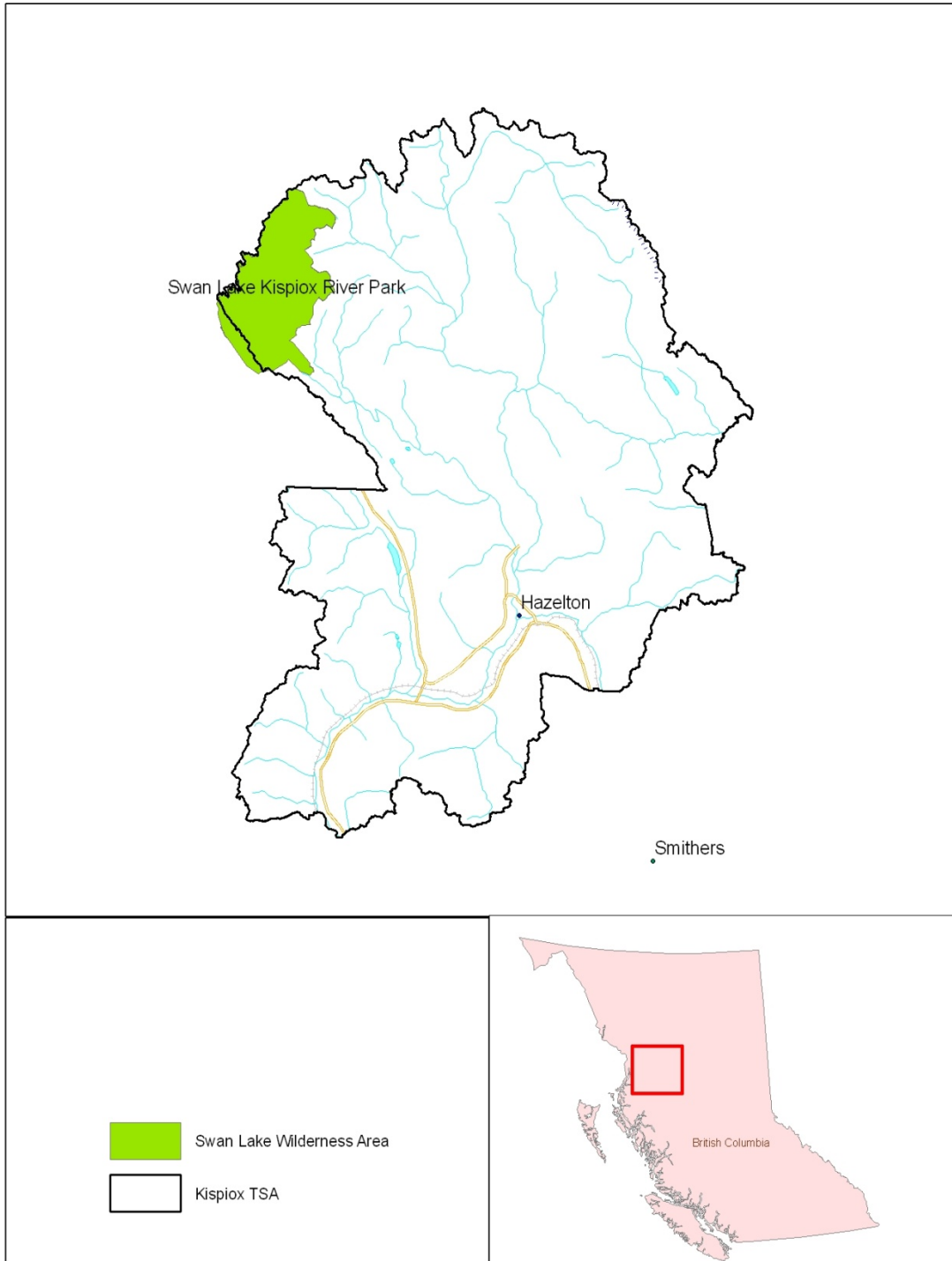


Typical cutblock in the Kispiox TSA

BCTS has 16 operating areas surrounding the community of Hazelton. Operating areas are dispersed throughout the Kispiox TSA.

The Board's audit fieldwork took place from June 15 to 19, 2009.

Audit of BCTS Planning and Practices Hazelton Field Unit



Higher Level Plans

The Kispiox Land and Resource Management Plan (KLRMP) provides strategic guidance for BCTS' operations. Cabinet endorsed portions of the KLRMP as a higher level plan¹ in April 1996 (amended March 2001) requiring operations to be consistent with those portions of the KLRMP.

Endorsed objectives established in the KLRMP take precedence over government objectives set out in the *Forest and Range Practices Act* (FRPA)² and the *Forest Planning and Practices Regulation* (FPPR). As an example, the KLRMP sets landscape level objectives for the conservation of biodiversity, visual quality and wildlife habitat.

BCTS' 2002-2011 Forest Development Plan (FDP)³ and 2007-2012 Forest Stewardship Plan (FSP)⁴ link forestry operations to objectives established in the KLRMP by establishing results and strategies consistent with the objectives.

Audit Approach and Scope

The audit examined both BCTS' and TSL holders' obligations and activities.

BCTS is responsible for operational planning, including preparing forest stewardship plans and site plans,⁵ silviculture activities, bridge maintenance and construction and most road construction, maintenance and deactivation outside of cutblocks.

Timber sale licensees are responsible for timber harvesting, fire protection, and most road construction, maintenance and deactivation within cutblocks.

Activities were assessed for compliance with FRPA, the *Wildfire Act* (WA) and related regulations, as well as applicable transitional elements of the *Forest Practices Code of British Columbia Act* (the Code). All activities, planning and obligations for the period June 1, 2008, to June 20, 2009, were included in the scope of the audit.

The Board's *Compliance Audit Reference Manual, Version 6.0, May 2003*, and the addendum to the manual for the 2009 audit season, set out the standards and procedures that were used to carry out this audit.

Planning and Practices Examined

BCTS Responsibilities

Planning

The KLRMP contains the strategic goals and objectives which are to be addressed in operational plans.

BCTS conducted activities during the audit period under two operational plans:

1. The 2002 to 2011 FDP, applies to 7 of 20 cutblocks in the harvest population.

2. The 2007 to 2012 FSP, applies to 13 of 20 cutblocks in the harvest population.

The Board audited the FSP to ensure compliance with applicable legislation and for consistency with higher level plan objectives.

The Board audited site plans for 9 of 20 cutblocks and all 4 roads constructed, for compliance with FRPA content requirements and FSP commitments.

Harvesting, road and silviculture activities were examined for compliance with site level plans.

Road Construction, Maintenance and Deactivation

The audit assessed all of the 9.2 kilometres of road construction; 1.6 kilometres of road deactivation; and the 3 bridges that were constructed during the audit period. Auditors also assessed 308 of the 709 kilometres of road maintenance and 28 of the 51 bridges that were required to be maintained.

Silviculture

BCTS planted 32 cutblocks during the audit period, of which 6 were audited to assess planting compliance and all 32 were audited to assess compliance with seed transfer guidelines.

In addition, the Board audited all 3 cutblocks with brushing activities, and the 1 cutblock with spacing activities, as well as 6 of 13 cutblocks for regeneration delay and 20 of 34 cutblocks for free-to-grow establishment.

No burning or site preparation activities were conducted during the audit period.

Fire Protection

The board audited the only active industrial site for compliance with the *Wildfire Act* and the *Wildfire Regulation*.

Timber Sale Licence Holders' Responsibilities

Timber Harvesting

The Board audited all of the 20 cutblocks, totaling approximately 610 hectares, that were harvested under 17 timber sales during the audit period.

Road Construction and Deactivation

The Board audited all of the 3.4 kilometres of new road construction and all of the 3.5 kilometres of road deactivation completed by TSL holders.

Fire Protection

No hazard abatement activities were conducted during the field audit.

The Board audited all 12 cutblocks where hazard assessment or abatement activities were either required or occurred during the audit period.

Overall Findings

The audit found that, with one exception, the planning and practices undertaken by BCTS and TSL holders complied, in all significant respects, with the requirements of FRPA, WA and applicable obligations under the Code, as of June 2009. The exception was a finding of significant non-compliance related to soil disturbance obligations.

Soil Disturbance TSL A73060 – Timber Sale Licence Holders’ Responsibility

Soil disturbance resulting from harvesting activities can include temporary roads, gouges, ruts, scalps or compacted areas. Without rehabilitation, disturbed sites may have reduced soil productivity and may be unable to provide optimum growing conditions for new trees. For that reason, maximum allowable amounts of soil disturbance are set in regulation.

The audit found excessive soil disturbance from harvesting practices by one licence holder (Timber Sale Licence A73060) on 2 of 3 cutblocks harvested. In these instances, skidding practices resulted in soil disturbance greater than 25 percent, exceeding the maximum allowable soil disturbance limit of 5 percent. The excessive soil disturbance was the result of harvesting activities taking place, inappropriately, when soils were wet. These impacts could have been avoided by confining the timing of harvesting activities to periods of lower soil moisture, on frozen ground, on a suitable snowpack or by modifying harvesting techniques. This represents a non-compliance with the *Forest Planning and Practices Regulation* (FPPR), section 35 (3) (a).

BCTS identified excessive soil disturbance levels in TSL A73060 during a harvest conformance inspection and reported the occurrence to the Ministry of Forests and Range, compliance and enforcement staff, in accordance with the MFR protocol agreement.

The non-compliance is considered significant because disturbance levels were considerably over the established legal limits, potentially reducing soil productivity and limiting growing conditions for new trees.

Audit Opinion

In my opinion, except for the soil disturbance obligations of the one timber sale licence holder discussed below, the operational planning; silviculture; road construction, maintenance, and deactivation; and fire-protection activities carried out by BCTS and its timber sale licence holders in the Skeena Business Area, Hazelton Field Unit, located in the Skeena Stikine Forest District, for the period June 1, 2008, to June 20, 2009, complied in all significant respects with the requirements of the *Forest and Range Practices Act*, the *Wildfire Act* and related regulations, and applicable transitional elements of the *Forest Practices Code of British Columbia Act*, as of June 2009.

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 are detected but not considered worthy of inclusion in the audit report.

As described in the *Soil Disturbance* section of this report, the audit identified a situation of significant non-compliance related to soil disturbance created by a timber sale licence holder during harvesting operations.

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, WA and the Code.



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Victoria, British Columbia
October 9, 2009

¹ A higher level plan is a forest resource management objective that is established as legally binding by a written order. The objective applies to a resource management zone, landscape unit, sensitive area, recreation site, recreation trail, or interpretive forest site. Higher level plans are a provision of the *Forest Practices Code of British Columbia Act* that give direction to operational plans.

² Most of the *Forest Practices Code of British Columbia Act* (the Code) was repealed on January 31, 2004, and replaced with the *Forest and Range Practices Act* (FRPA). The transitional provisions of FRPA state that the Code continues to apply to forest practices carried out under a forest development plan. This continues until there is an approved forest stewardship plan, at which point, the requirements of FRPA apply. Therefore, although FRPA came into effect prior to the audit period, the legislated forest practices requirements that applied to the auditee were the requirements of the Code.

³ A forest development plan (FDP) is an operational plan under the Forest Practices Code that provides the public and government agencies with information about the location of proposed roads and cutblocks for harvesting timber over a period of at least five years. The plan must specify measures that will be carried out to protect certain forest resources prescribed by regulation. It must also be consistent with any higher level plans. Site-specific plans are required to be consistent with the forest development plan.

⁴ 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 5 years.

⁵ 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 the Code and does not require review or approval by government to be implemented.

Appendix 1: Compliance Audit Process

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. (The transitional provisions of FRPA state that the Code continues to apply to forest practices carried out under a forest development plan, until there is an approved forest or range stewardship plan, at which point the requirements of FRPA apply.)

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 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.