



**Forest
Practices
Board**

Audit of Forest Planning and Practices in the Kootenay Lake Forest District

*Harrop-Procter Community Forest
Probationary Community Forest Agreement K1B*

*Kaslo and District Community Forest Society
Forest Licence A54215 and Probationary Community
Forest Agreement K3C*

FPB/ARC/103

November 2008

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Audit Results

Background

As part of its 2008 compliance audit program, the Forest Practices Board randomly selected the Kootenay Lake Forest District as the location for a full scope compliance audit, with a focus on community tenures. Within the district, the Board selected the Harrop-Procter Community Forest and the Kaslo and District Community Forest Society for audit (see map on page 2). Information about the Board's compliance audit process is provided in Appendix 1.



Figure 1. Overlooking Kaslo and the north arm of Kootenay Lake.

Harrop-Procter Community Cooperative – Probationary Community Forest Agreement K1B

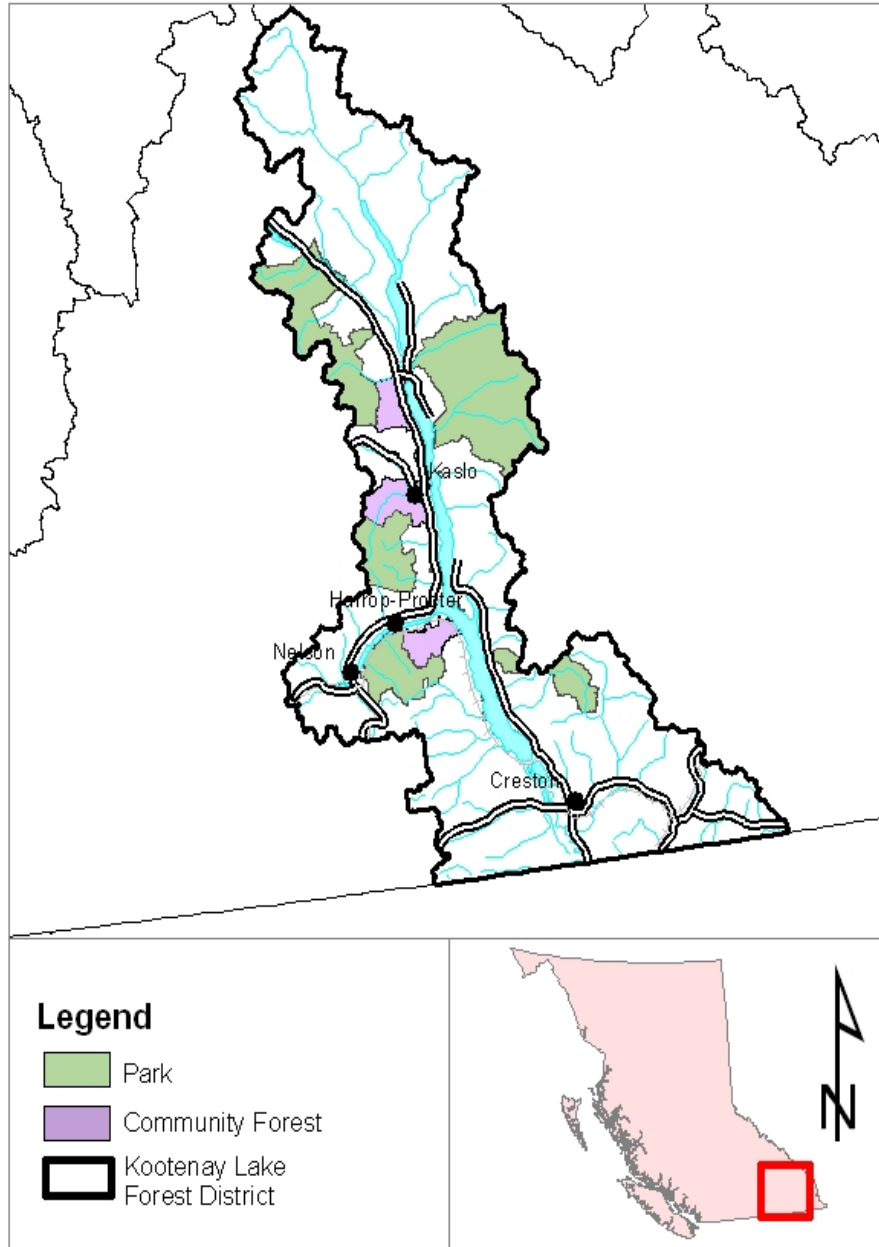
The Harrop-Procter Community Cooperative was awarded a probationary community forest agreement (CFA) in July 2000. Its allowable annual cut is 2,603 cubic metres from a 10,680 hectare area on the west arm of Kootenay Lake. Eight hundred residents take their water from streams in the community forest and the primary concern is the protection of domestic water sources. In September 2008, after audit field work was complete, Harrop-Procter Community Cooperative signed a long-term CFA.

Kaslo and District Community Forest Society (KDCFS) – Forest Licence A54215 and Probationary Community Forest Agreement K3C

KDCFS received a probationary community forest agreement on April 1, 2008. Before then, it held a non-replaceable forest licence. KDCFS's allowable annual cut is 25,000 cubic metres from a 32,510 hectare area on the north arm of Kootenay Lake. The operating area includes 6 community watersheds and 14 domestic watersheds with 371 water licensees. The protection of water quality and visual resources are the main issues for the KDCFS.

The Board's audit fieldwork took place from June 11 to 12, 2008.

Kootenay Lake Forest District Community Forest Audit



Audit Approach and Scope

The audit examined planning, field activities and obligations in the areas of:

- operational planning (including forest development plansⁱ and site plans,ⁱⁱ where applicable) and consistency with the Kootenay Boundary Higher Level Plan Order (see below);
- timber harvesting;
- road construction and maintenance;
- silviculture; and
- fire protection.

These activities were assessed for compliance with the *Forest and Range Practices Act* (FRPA),ⁱⁱⁱ the *Wildfire Act* and related regulations, as well as certain transitional elements of the *Forest Practices Code of British Columbia Act*. All activities, planning and obligations for the period June 1, 2007, to June 12, 2008, 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 2008 audit season, set out the standards and procedures that were used to carry out this audit.

Higher Level Plans

The activities of the two licensees are subject to the Kootenay Boundary Higher Level Plan Order. The objectives established in the Order take precedence over government objectives set out in FRPA and the *Forest Planning and Practices Regulation*. As an example, the Order sets objectives for the conservation of biodiversity and consumptive water use.

Planning and Practices Examined

Operational Planning

The planned activities for the Harrop-Procter Community Forest were set out in its 2005-2010 forest development plan, and subsequent amendments to that plan. In Kaslo, planned activities were in the KDCFS' 2000-2005 forest development plan and subsequent amendments.

The Board audited these planning documents to ensure compliance with applicable legislation and assessed them for consistency with higher level plan objectives.

KDCFS received approval of a new forest stewardship plan on August 12, 2008, and Harrop-Procter intends to begin work soon on an forest stewardship plan in preparation for the expiry of its forest development plan in 2010.

Timber Harvesting

Harrop-Procter harvested 158.6 hectares in five cutblocks and Kaslo harvested 38.1 hectares in three cutblocks, during the audit period. The Board audited all of these cutblocks.



Figure 2. Shelterwood silvicultural system near Narrows Creek in the Harrop-Procter Community Forest.

Road Construction and Maintenance

Harrop-Procter built eight kilometres and maintained approximately six kilometres of road during the audit period. All road construction and maintenance was audited.

KDCFS built 1.7 kilometres and maintained 43 kilometres of road. All road construction and 37 kilometres of road maintenance was audited.

No roads were deactivated during the audit period. The licensees did not construct any bridges during the audit period, and are not responsible for maintaining any bridges. As a result, no bridges were audited.



Figure 3. Milford forest service road at Kemball Creek, Kaslo.

Silviculture

KDCFS had seven cutblocks that were due for regeneration by the end of the audit period. All were regenerated by the due date. Auditors confirmed that five sites were planted during the audit period.

No cutblocks were due for regeneration in the Harrop-Procter Community Forest at the time of the audit.

There were no free-growing obligations due, or overdue, by the end of the audit period for either of the licensees. As a result, the Board did not audit these obligations.

Fire Protection

An excavator was working at one site visited by the audit team in the Harrop-Procter Community Forest. At Kaslo, cable-harvesting operations were underway on one cutblock and, at another site, a contractor was repairing a failed cut slope with a rock truck and an excavator. Activities at all three sites were in compliance with the requirement of the *Wildfire Act* and the *Wildfire Regulation*.

Audit Opinion

In my opinion, the operational planning; timber harvesting; road construction and maintenance; silviculture; and fire-protection practices carried out by the Harrop-Procter Community Cooperative and the Kaslo and District Community Forest Society between June 1, 2007, and June 12, 2008, complied in all significant respects with the requirements of the *Forest and Range Practices Act*, the *Wildfire Act* and related regulations, and certain transitional elements of the *Forest Practices Code of British Columbia Act*, as of June 2008. No opinion is provided regarding road deactivation activities.

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, WA and the Code.



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Director, Audits

October 27, 2008

Appendix 1: Forest Practices Board 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 1 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.

ⁱ 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.

ⁱⁱ 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.

ⁱⁱⁱ 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 majority of the auditee's activities were the requirements of the Code.