



**Forest
Practices
Board**

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

*Creston Valley Forest Corporation
Forest Licence A54214*

FPB/ARC/104

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Board Commentary

In summer 2008, the Forest Practices Board conducted a compliance audit of forest planning and practices of the Creston Valley Forest Corporation (CVFC) in the Kootenay Lake Forest District.

The Board notes that, with one exception, planning and practices undertaken by the CVFC complied with legislative requirements in all significant respects.

The significant non-compliance noted in the audit relates to the regeneration of harvested sites. As of June 2008, over 170 hectares of harvested area was not restocked with a sufficient number of desirable trees by the specified regeneration date. Regenerating harvested areas is a significant and critical milestone on the road to ensuring that a new forest will replace the previous stand.

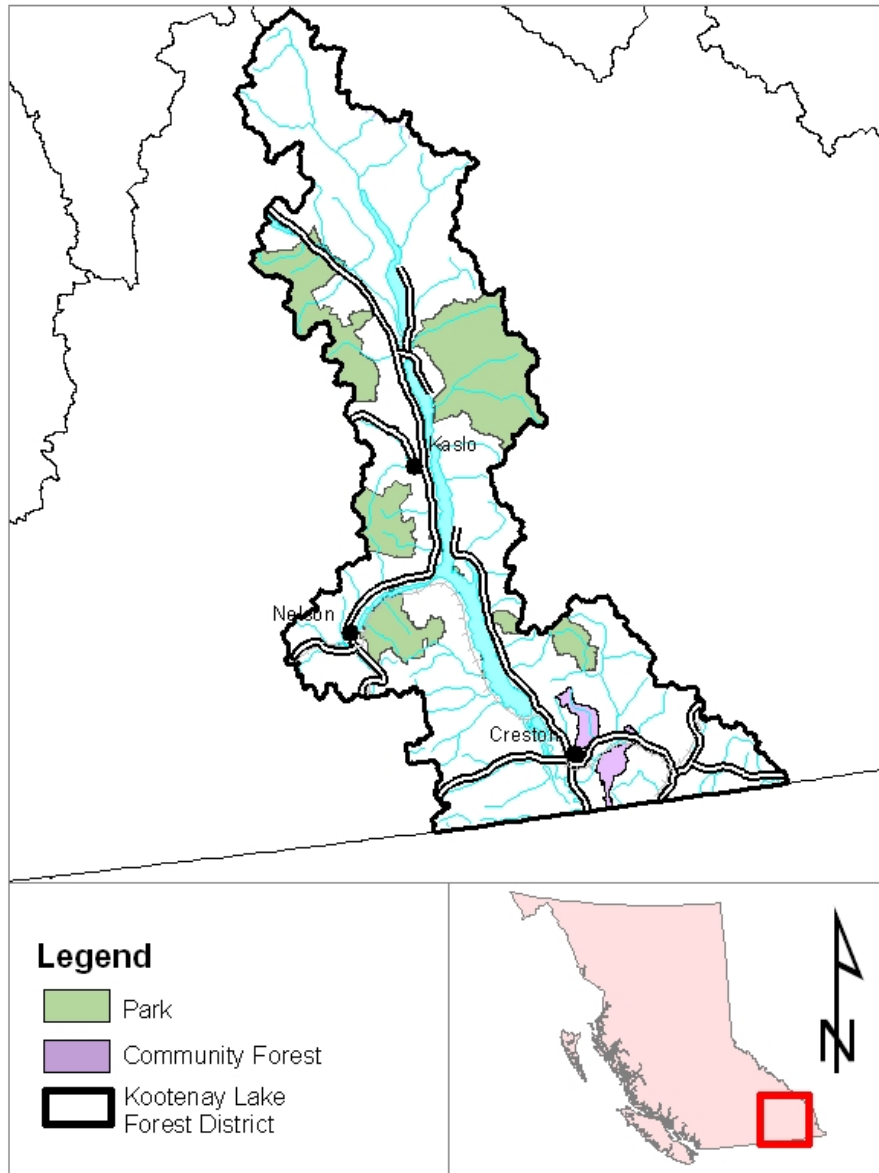
Since the audit, the CVFC has surveyed these areas. For the majority of the area, the CVFC intends to develop new stocking standards to reflect the natural fire history of the area and to accommodate fuel management treatments in the wildland urban interface near Creston. The CVFC has ordered trees for the remaining area and intends to plant them in the spring of 2009.

The failure to track the stand after harvest meant that the corporation was not as responsive to the stand condition as the Board would expect. An adequate monitoring and tracking system could have led the corporation to propose alternative stocking standards as a matter of practice rather than a response to the audit.

Although the CVFC has not restocked these areas with the species and to the density specified in its plans, the cutblocks are vegetated. The relatively small size and dispersed nature of the cutblocks reflect the CVFC's ecosystem-based philosophy of forest management and its objectives for a variety of forest resources, including the protection of drinking water.

The Board requests that the CVFC report back on the efforts to regenerate these sites and develop new stocking standards by November 30, 2009.

Kootenay Lake Forest District Community Forest Audit



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 of a full scope compliance audit, with a focus on community tenures. Within the district, the Board selected the Creston Valley Forest Corporation's (CVFC) forest licence A54214 for audit (see map on page 2). Information about the Board's compliance audit process is provided in Appendix 1.

The CVFC holds a 15-year non-replaceable forest licence, with an allowable annual cut of 15,000 cubic metres from a 10,813 hectare operating area. The operating area contains five community watersheds, including Arrow Creek, which supplies water to Creston and the Columbia Brewery. The CVFC recognizes the importance of the water resource to the local economy.



Two deer in a snow covered cutblock within the CVFC operating area.

In 2004, government invited the CVFC to apply for a community forest agreement. The CVFC was awarded a probationary community forest agreement in November 2008.

The Board's audit fieldwork took place on June 9 and 10, 2008, with a subsequent field visit on July 3, 2008, to view previously snow-covered or inaccessible cutblocks.

Audit Approach and Scope

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

- operational planning (including forest stewardship plansⁱ and site plans,ⁱⁱ where applicable);
- 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* (WA) and related regulations, as well as certain transitional elements of the *Forest Practices Code of British Columbia Act* (the Code). All activities, planning and obligations for the period June 1, 2007, to June 10, 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^{iv}

The CVFC's activities 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, CVFC had to meet objectives for the conservation of biodiversity and consumptive water use, set out in the Order.

Planning and Practices Examined

Operational Planning

The planned activities for the CVFC were set out in its 2007-2012 forest stewardship plan (FSP). The Board audited the FSP to ensure compliance with applicable legislation and assessed it for consistency with higher level plan objectives.

Timber Harvesting

Creston harvested 176.1 hectares in 15 cutblocks during the audit period. The Board audited 10 cutblocks, representing 84 percent of the area harvested.

Road Construction and Maintenance

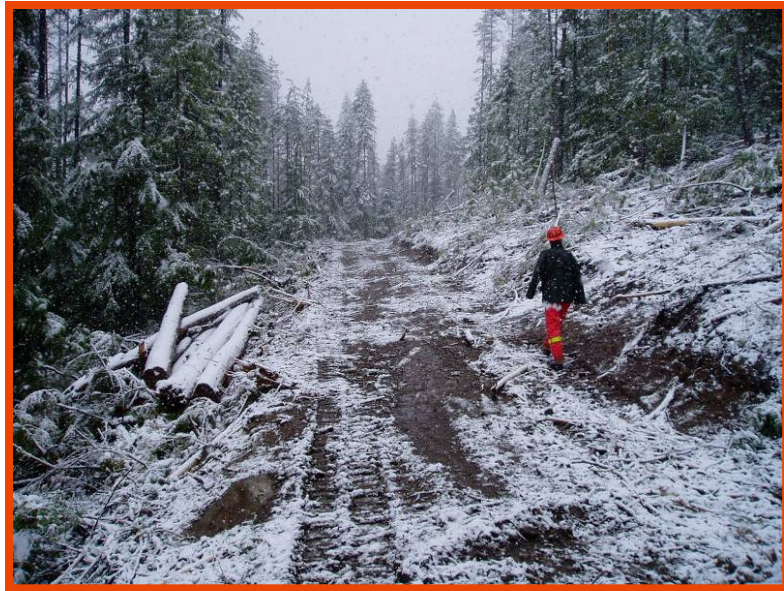
The CVFC maintained 77 kilometres and constructed 4.2 kilometres of road during the audit period. Forty-four kilometres of road maintenance and 3.1 kilometres of new construction were audited.

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

Silviculture

Auditors confirmed that one 30.2-hectare cutblock had been planted by the time of the audit. Planting was scheduled on five more blocks after the audit field work.

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



Road under construction in the Arrow Creek watershed.

The Board audited 10 cutblocks that were overdue for regeneration at the time of the audit.

Fire Protection

Auditors assessed compliance with the applicable requirement of the *Wildfire Act* and the *Wildfire Regulation* when examining cutblocks. No active operations were encountered during the field portion of the audit.

Findings

The audit found that, with one exception, the planning and field activities undertaken by the CVFC complied, in all significant respects, with the requirements of FRPA, WA and related obligations of the Code as of June 2008. The exception was a finding of significant non-compliance related to silviculture obligations.

Silviculture Obligations

The CVFC is responsible for ensuring that harvested areas are re-stocked with a sufficient number of well-spaced and desirable trees by a certain deadline called the “regeneration date.”

As of June 2008, 270.4 hectares of harvested forest was due for regeneration and should have been stocked with a sufficient number of desirable trees. Of this amount, 170.3 hectares, or 63 percent, was not sufficiently restocked, based on surveys conducted by the auditee subsequent to the audit.

This represents a non-compliance with section 191 of FRPA. Regenerating harvested areas is a required step in ensuring that a new forest will replace the previous stand. This non-compliance is considered significant because it is widespread and it demonstrates a systemic weakness in the CVFC's silviculture program.

Audit Opinion

In my opinion, except for the silviculture obligations discussed below, the operational planning; timber harvesting; road construction; road maintenance; silviculture; and fire protection activities carried out by the Creston Valley Forest Corporation on forest licence A54214 between June 1, 2007, and June 10, 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 expressed with regard to road deactivation activities.

As described in the *Silviculture Obligations* section of this report, the audit identified a situation of significant non-compliance related to the failure to regenerate harvested areas within the specified timeframe.

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

Victoria, British Columbia
December 8, 2008

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.

^{iv} 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.

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.



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