



**Forest  
Practices  
Board**

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

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*Canadian Forest Products Limited*  
*Tree Farm Licence 30*

**FPB/ARC/122**  
January 2011

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# Audit Results

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## Background

As part of the Forest Practices Board's 2010 compliance audit program, the Board randomly selected the Prince George Forest District as the location for a full-scope compliance audit. Within the district, the Board selected Tree Farm Licence (TFL) 30, held by Canadian Forest Products Limited (Canfor), for audit.

TFL 30 is located northeast of Prince George (see map on page 2), and allows Canfor to harvest 308,688 cubic metres and British Columbia Timber Sales (BCTS) to harvest 21,312 cubic metres of timber annually. However, the mountain pine beetle (MPB) epidemic in the Prince George Timber Supply Area (TSA) has shifted Canfor's harvest priority from TFL 30 to their pine-dominated operating areas in the Prince George and Fort St. James Forest Districts. The result is that, during the two-year period of this audit, Canfor harvested only 86,719 cubic metres in TFL 30.

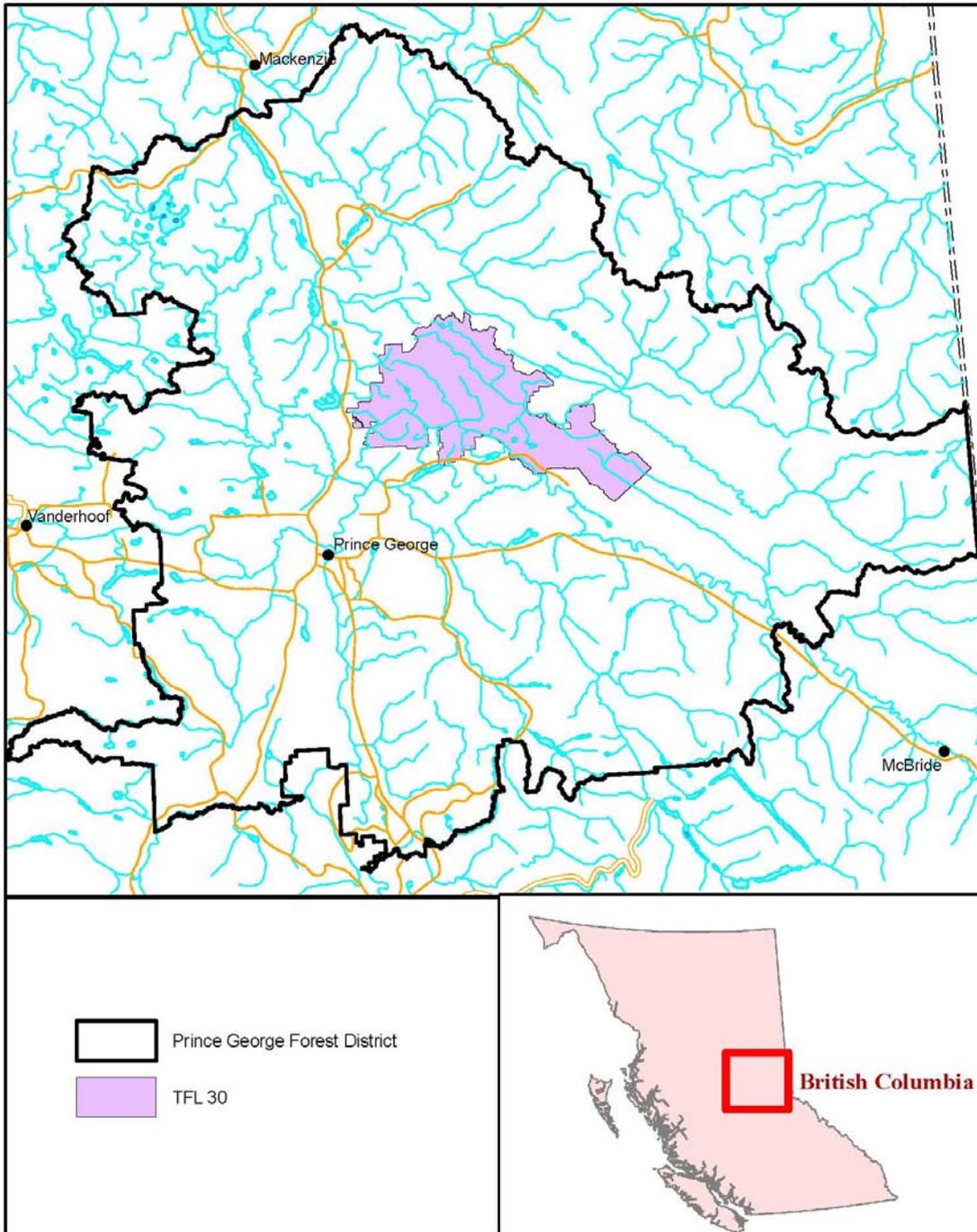


**Wildlife tree retention on a recent cutblock on TFL 30.**

The Board's audit fieldwork took place from September 27 to 30, 2010.

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

# Audit of Forest Planning and Practices TFL 30 - Prince George Forest District



## 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 September 1, 2008, and September 30, 2010, as included in the audit. These activities were assessed for compliance with the *Forest and Range Practices Act (FRPA)*, the *Wildfire Act (WA)* and related regulations.

The Board's audit reference manual, *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

Canfor conducted its operational planning under a multi-licence forest stewardship plan (FSP): *i Canadian Forest Products Ltd., Carrier Lumber Ltd., Takla Track and Timber Ltd., Conifex Inc., Prince George and Fort St. James Forest Districts and Tree Farm Licence 30 FSP*, which was approved in December 2005 and last amended in August 2010.

Planning was evaluated to ensure consistency with the FSP and legislative requirements. There are no land use plans that apply to TFL 30, although provincial non-spatial old-growth objectives do apply.

During the two-year audit period, Canfor harvested four cutblocks using only ground-based systems, with a gross area of 516.3 hectares. The auditors examined all of those cutblocks.

Canfor constructed 4.7 kilometres of road and deactivated 1.1 kilometres of road during the audit period. As a TFL holder, Canfor is responsible for all roads within the TFL for which it is the primary user, or for which there are no primary users. Consequently, Canfor is responsible for the maintenance of 729.4 kilometres of temporarily deactivated road and 548.7 kilometres of semi-permanently or permanently deactivated road.

The audit examined all roads that had been constructed during the audit period. Auditors also examined 141.4 kilometres of road that had been temporarily deactivated and 57.5 kilometres of road that had been semi-permanently or permanently deactivated.

There are a total of 113 bridges on TFL 30 and 105 bridges that were removed prior to the audit period. No bridges were constructed or removed during the audit period. The audit examined 43 of the bridges and 31 of the crossings where the bridges had been removed.

Within the audit period, Canfor was responsible for silviculture obligations on 181 blocks. Canfor planted 20 blocks and brushed 9. Fifteen blocks had regeneration obligations due, and 23 had regeneration obligations declared as being met. Forty-nine blocks had free-growing obligations due and 65 had free-growing obligations declared as being met.

The board audited 50 blocks for compliance with silviculture obligations: 7 planted blocks; 1 brushed block; 4 blocks with regeneration obligations due; 6 blocks where regeneration obligations were declared as being met; 15 blocks with free-growing obligations due; and 17 blocks where free-growing obligations were declared as being met.

There were no active site operations during the field audit, so the field components of the fire preparedness requirements of WA were not audited. Slash loading and slash piled in preparation for disposal were reviewed.

## **Findings**

The audit found that the planning and field activities undertaken by Canfor complied in all significant respects with the requirements of FRPA, WA and related regulations.

### **Planning**

Planning activities were consistent with the FSP and legislative requirements.

### **Harvesting**

Harvesting was conducted in accordance with requirements of legislation and site plans. Canfor managed and protected riparian areas by:

- anchoring wildlife tree patches around wetlands or creeks;
- locating block boundaries outside of the riparian management zones where logical;
- applying understory retention strategies in riparian areas;
- applying buffers to help maintain the integrity of wetlands; and
- removing winter crossings across fish-bearing streams before spring freshet.

Wildlife trees were retained in patches, groups and as individual stems, focusing on non-pine and deciduous species. Wildlife tree retention provided structural diversity within the harvested area.

### **Roads and Bridges**

Road and bridge construction, maintenance and deactivation were found to be adequate.

The audit found that:

- Natural drainage patterns were maintained.
- Deactivated roads re-established natural drainage patterns and maintained the stability of the road prism.
- Temporary crossings were removed on winter roads and on major creeks or fish-bearing creeks where they were not needed for forestry operations.
- Sediment control at existing stream crossings, and crossings that had been removed, employed grass seeding and sediment ponds.

## Silviculture Activities and Obligations

Brushing and planting activities were appropriate, and regeneration and free-to-grow obligations were met. However, there was an identified discrepancy between some of the data in GENUS, Canfor's internal database, and RESULTS, the provincial silviculture database.

The audit determined that the GENUS data was correct. Canfor initiated discussions with the Ministry of Forests, Mines and Lands (MFML) regarding the reconciliation of data between GENUS and RESULTS, but as of the date of the audit no further action has taken place.

## Fire Protection Activities

Canfor had a 2010 fire prevention and response program, which outlined roles, responsibilities and procedures for Canfor personnel. There were no active operations during the field audit, so field requirements of the WA were not assessed. Piling and disposal of slash piles was effective. No broadcast burning was noted during the audit.

## Audit Opinion

In my opinion, the operational planning; timber harvesting; road construction, maintenance and deactivation; silviculture; and fire protection activities carried out by Canadian Forest Products Limited on Tree Farm Licence 30, between September 1, 2008, and September 30, 2010, complied in all significant respects with the requirements of the *Forest and Range Practices Act*, the *Wildfire Act* and related regulations as of September 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, EP(EMSLA)  
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Victoria, British Columbia  
January 7, 2011

# 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. (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 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>i</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.



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