



**Forest
Practices
Board**

Audit of Forest Planning and Practices

*Tk'Emlupsemc Forestry Development Corporation
Non-Renewable Forest Licence A80706*

*Ashcroft Indian Band
Non-Renewable Forest Licence A81385*

*Neskonlith Indian Band
Non-Renewable Forest Licence A83410*

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Audit Results

Background

As part of the Forest Practices Board's 2011 compliance audit program, the Board randomly selected the Kamloops District as the location for a full-scope compliance audit. Within the district, the Board selected non-renewable forest licences (NRFL) A80706, held by Tk'Emlupsemc Forestry Development Corporation (Tk'Emlups), A81385, held by the Ashcroft Indian Band (AIB), and A83410, held by the Neskonlith Indian Band (NIB), for audit. The NRFLs were awarded under the *Forest Act*, section 47.3, to address the salvage of fire and insect damaged timber in the district.

There are no distinct operating areas for these NRFLs, but activities are primarily located south of Kamloops, dispersed between the communities of Ashcroft and Pritchard (see map on page 2). The NRFLs fall within the area included within the Kamloops Land and Resource Management Plan (KLRMP). NRFLs A81385 and A83410 are managed under an agreement with Tolko Industries Ltd (Tolko), while A80706 is managed by Tk'Emlups.

The three NRFLs have a combined allowable annual cut of 83 575 cubic metres. Harvest is restricted to lodgepole pine stands that have been heavily attacked by mountain pine beetle and fire damaged stands. During the two-year period of this audit, 146 014 cubic metres were harvested under these NRFLs.

The Board's audit fieldwork took place on June 20 and 21, 2011.

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

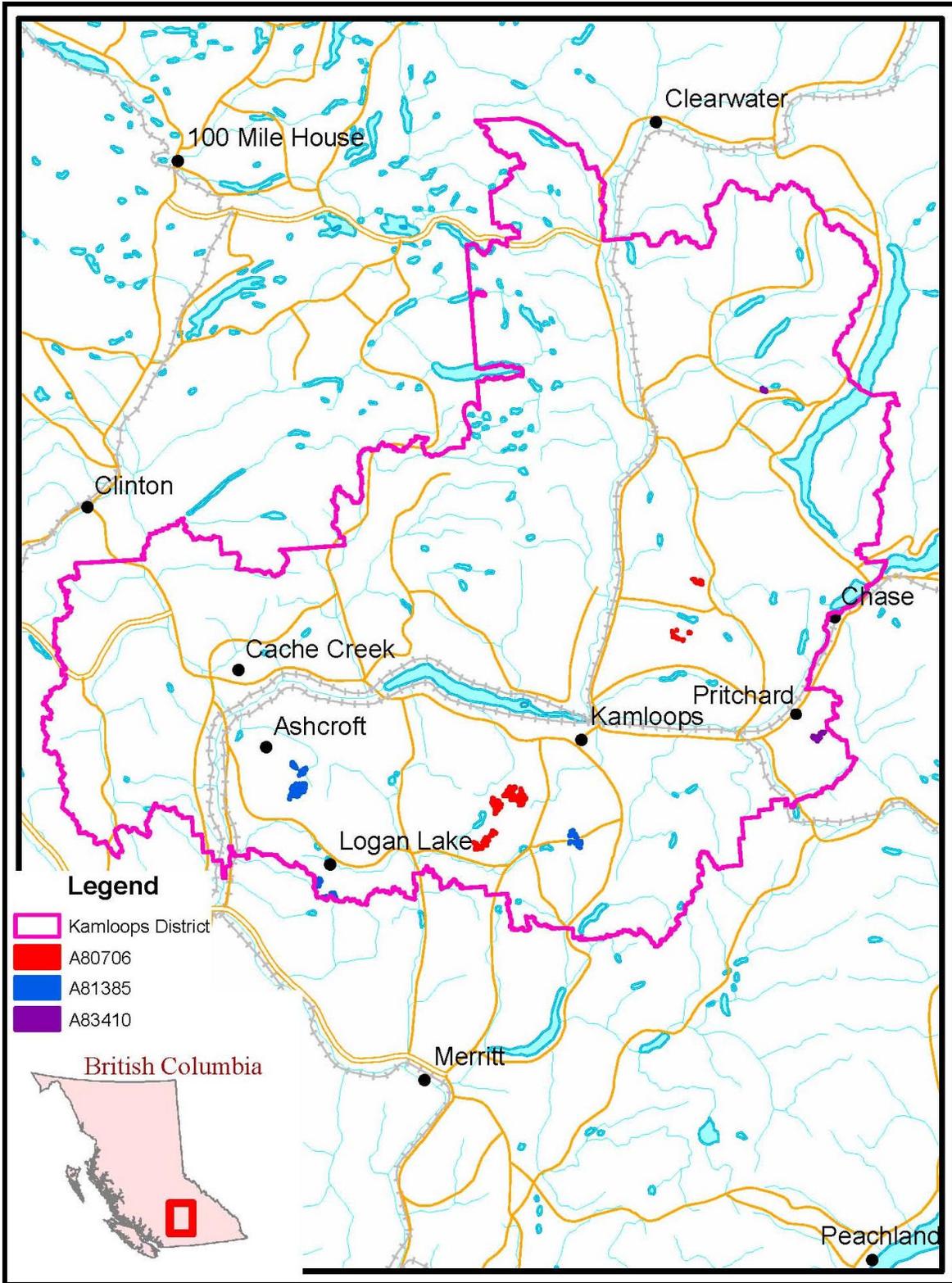


Typical harvest operations in NRFL A81385. Harvesting removed dead pine and retained live Douglas fir and aspen. Slash piles are scheduled for burning during the fall of 2011.

Objectives set by Government

In addition to objectives set by government under the *Forest and Range Practices Act* (FRPA) and related regulations, objectives for forest stewardship in the NRFLs are also guided by the KLRMP. The KLRMP provides direction from government on how to manage public lands and resources within the plan area. The provisions of the KLRMP regarding zones, objectives, targets and strategies were declared to be a higher level plan in January 1996 and amended by order, dated January 2006.

There are no sub-regional plans applicable to the audit areas.



Map of NRFL's A80706, A81385 and A83410, operating areas subject to audit.

Audit Approach and Scope

The Board conducted a full-scope compliance audit, which includes all harvest, road, silviculture, and protection activities, and associated planning, carried out between June 1, 2009, and June 21, 2011. These activities were assessed for compliance with 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 2011 audit season, set out the standards and procedures that were used to carry out this audit.

Planning and Practices Examined

Tk'Emlupsemc Forestry Development Corporation (Tk'Emlups) NRFL A80706

Tk'Emlups has a forest stewardship planⁱ (FSP) for NRFL A80706, which was approved in March 2007. Planning was evaluated to ensure consistency with the FSP and legislative requirements, including the KLRMP.

During the two-year audit period, Tk'Emlups harvested nine cutblocks with a gross area of 521.1 hectares, using only ground-based systems. The audit examined all of these cutblocks.

Tk'Emlups constructed 14.0 kilometres of road inside their cutblocks, of which they deactivated 6.5 kilometres. They are also responsible for maintaining 10.5 kilometres of road outside the cutblocks. Tk'Emlups was not responsible for the construction or maintenance of any bridges or major culverts. The audit examined all of the road construction, deactivation and maintained roads.

Consistent with legislation,ⁱⁱ Tk'Emlups was not responsible for silviculture activities, and no silviculture activities were audited for NRFL A80706.

There were no active operations during the field audit, so the field components of the fire preparedness requirements of the WA were not audited. Slash loading and slash piled in preparation for disposal were reviewed on the nine cutblocks that had been harvested during the audit period.

Ashcroft Indian Band (AIB) NRFL A81385

Operational planning for NRFL A81385 is conducted by Tolko. The Tolko FSP, approved in March 2007 and amended December 2007, includes NRFL A81385. Planning was evaluated to ensure consistency with the FSP and legislative requirements, including the KLRMP.

During the two-year audit period, AIB harvested 12 cutblocks with a gross area of 248.5 hectares, using only ground-based systems. The audit examined all of these cutblocks.

AIB constructed 10.4 kilometres of road inside their cutblocks. They are also responsible for maintaining 75.8 kilometres of road outside the cutblocks. AIB was not responsible for the construction or maintenance of any bridges or major culverts, and they did not deactivate any

roads during the audit period. The audit examined all of the new road construction and maintained roads.

AIB site prepared 6 and planted 10 cutblocks during the audit period. There were no silviculture obligations due during the audit period. All silviculture activities were audited.

There were no active operations during the field audit, so the field components of the fire preparedness requirements of the WA were not audited. Slash loading and slash piled in preparation for disposal were reviewed on the 12 cutblocks that had been harvested and the 10 cutblocks that were planted during the audit period.

Neskonlith Indian Band (NIB) NRFL A83410

NIB entered into a Tenure Management and Timber Purchase Agreement with Tolko in October 2008. The Tolko FSP, approved in March 2007 and amended November 2009, includes NRFL A83410. Planning was evaluated to ensure consistency with the FSP and legislative requirements, including the KLRMP.

During the two-year audit period, NIB harvested six cutblocks with a gross area of 118.2 hectares, using only ground-based systems. The audit examined all of these cutblocks.

NIB constructed 4.8 kilometres of road inside their cutblocks. They are also responsible for maintaining 13.3 kilometres of road outside the cutblocks. NIB was not responsible for the construction or maintenance of any bridges or major culverts, and they did not deactivate any roads during the audit period. The audit examined all of the new road construction and maintained roads.

NIB site prepared and planted three cutblocks during the audit period. There were no silviculture obligations due during the audit period. All silviculture activities were audited.

There were no active operations during the field audit, so the field components of the fire preparedness requirements of the WA were not audited. Slash loading and slash piled in preparation for disposal were reviewed on the six cutblocks that had been harvested during the audit period.

Findings

The audit found that the planning and field activities undertaken by Tk'Emlupsemc Forestry Development Corporation, Ashcroft Indian Band and Neskonlith Indian Band complied in all significant respects with the requirements of FRPA, WA and related regulations, as of June 2011.

Operational Planning

FSPs were consistent with the objectives and strategies from FRPA and the KLRMP. Site plans were consistent with the FSPs and accurately depicted and accommodated on-site resources.

Stand level biodiversity objectives were achieved by prescribing and retaining adequate wildlife tree reserves and coarse woody debris on site.

Harvesting

All cutblocks were placed to salvage fire and insect damaged stands. The audit found that harvesting performed by the NRFL holders was conducted in accordance with requirements of legislation and was consistent with site plans.

Sound soil conservation practices were demonstrated by conducting harvest operations during favorable weather to keep soil disturbance low, minimizing the area occupied by permanent access structures by using temporary access structures where practical, and by rehabilitating temporary access structures.

Riparian features were adequately protected by excluding them from harvest areas where practical, retaining forest cover in riparian management areas and establishing machine-free zones adjacent to streams and wetlands.

Range interests were protected by referring operational plans to range tenure holders and accommodating their concerns, and by identifying and preserving natural range barriers and cattle fences.

Roads

Where possible, all licensees utilized existing roads to avoid constructing additional permanent access structures.

The majority of roads audited were constructed in the winter, with minimal soil disturbance. In all cases, roads were constructed on stable terrain and natural drainage patterns were maintained.

Road deactivation conducted during the audit period occurred immediately following harvesting. Deactivation measures consisted of restoring natural drainage patterns and cross-ditching, and were found to be adequate.

Tk'Emlups did not track road maintenance obligations, potentially elevating the risk of poor maintenance practices; however road maintenance practices were adequate.

Silviculture obligations and activities

Silviculture activities were conducted in a timely manner and accurate silviculture records were maintained. All silviculture activities were conducted within the required time frames. The chief forester's seed transfer requirements were met.

Protection

Piling and disposal of slash was effective, as any increased fire hazard from logging had been safely abated or is scheduled for abatement when conditions are suitable.

Tk'Emlups did not document fire hazard assessments; however their abatement activities were conducted in a manner that can reasonably be expected to prevent fires from starting.

Audit Opinion

In my opinion, the operational planning; timber harvesting; road construction, maintenance and deactivation; silviculture; and fire hazard abatement activities carried out by Tk'Emlupsemc Forestry Development Corporation, Ashcroft Indian Band and Neskonlith Indian Band on non-renewable forest licences A80706, A81385 and A83410, respectively, between June 1, 2009, and June 21, 2011, complied in all significant respects with the requirements of the *Forest and Range Practices Act*, the *Wildfire Act* and related regulations, as of June 2011. No opinion is provided regarding fire-fighting equipment requirements.

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.



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Victoria, British Columbia
October 13, 2011

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 The government granted a request (FRPA section 30(2)) by Tk'Emlups that the Crown would assume the responsibility to establish a free growing stand, provided that certain requirements were met (FPPR section 30 (3)). Having met these requirements, Tk'Emlups was not responsible for silviculture activities.

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 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 and 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 generally worthy of reporting. However, in certain circumstances, events that are considered not significant non-compliance may be reported as an area requiring improvement.

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, Lands and Natural Resource Operations.

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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