



**Forest  
Practices  
Board**

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

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*Canadian Forest Products Limited  
Tree Farm Licence 48*

**FPB/ARC/152**

March 2013

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## Board Commentary

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In August 2012, the Forest Practices Board (Board) conducted a full scope audit of forest planning and practices on Canadian Forest Products Ltd. (Canfor) Tree Farm Licence (TFL) 48 near Chetwynd in the Peace District.

This is the second time the Board has audited this TFL. The Board is pleased to see that Canfor is doing a good job meeting its forestry obligations and has met its legislative requirements. However, the Board is concerned about the tremendous increase in other resource extraction activities now taking place on this TFL.

This mix of developments is outside of Canfor's control and is an issue for government to deal with, as discussed in our bulletin on cumulative effects management,<sup>1</sup> but it is important for Canfor to be made aware of all of these other activities so it can continue to manage the TFL appropriately.

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<sup>1</sup> The Board bulletin, *The Need to Manage Cumulative Effects* can be found at: [http://www.fpb.gov.bc.ca/Volume\\_13\\_Cumulative\\_Effects\\_Bulletin.pdf](http://www.fpb.gov.bc.ca/Volume_13_Cumulative_Effects_Bulletin.pdf)

# Audit Results

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## Background

As part of its 2012 compliance audit program, the Forest Practices Board selected Canadian Forest Products Limited's (Canfor) Tree Farm Licence (TFL) 48 for audit. Canfor administers this licence from its office in Chetwynd.

TFL 48 is located in the Peace District around the community of Chetwynd. The licence area, comprising five separate geographical blocks, extends south from the Murray River to approximately 30 kilometres north of Hudson's Hope, on the Peace River. To the west, the licence extends to the forest district boundary, which follows the height of the Rocky Mountains. The eastern block within the licence is approximately 30 kilometres east of Chetwynd. A map of the audit area appears on page 3.

Canfor harvested approximately 836 000 cubic metres of timber during the one-year audit period. All harvesting was focused on salvaging lodgepole pine trees attacked by the mountain pine beetle.

Three forestry professionals and a chartered accountant made up the audit team. Field work was carried out from August 20 to 24, 2012. This is the second time the Board has audited this licence.

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



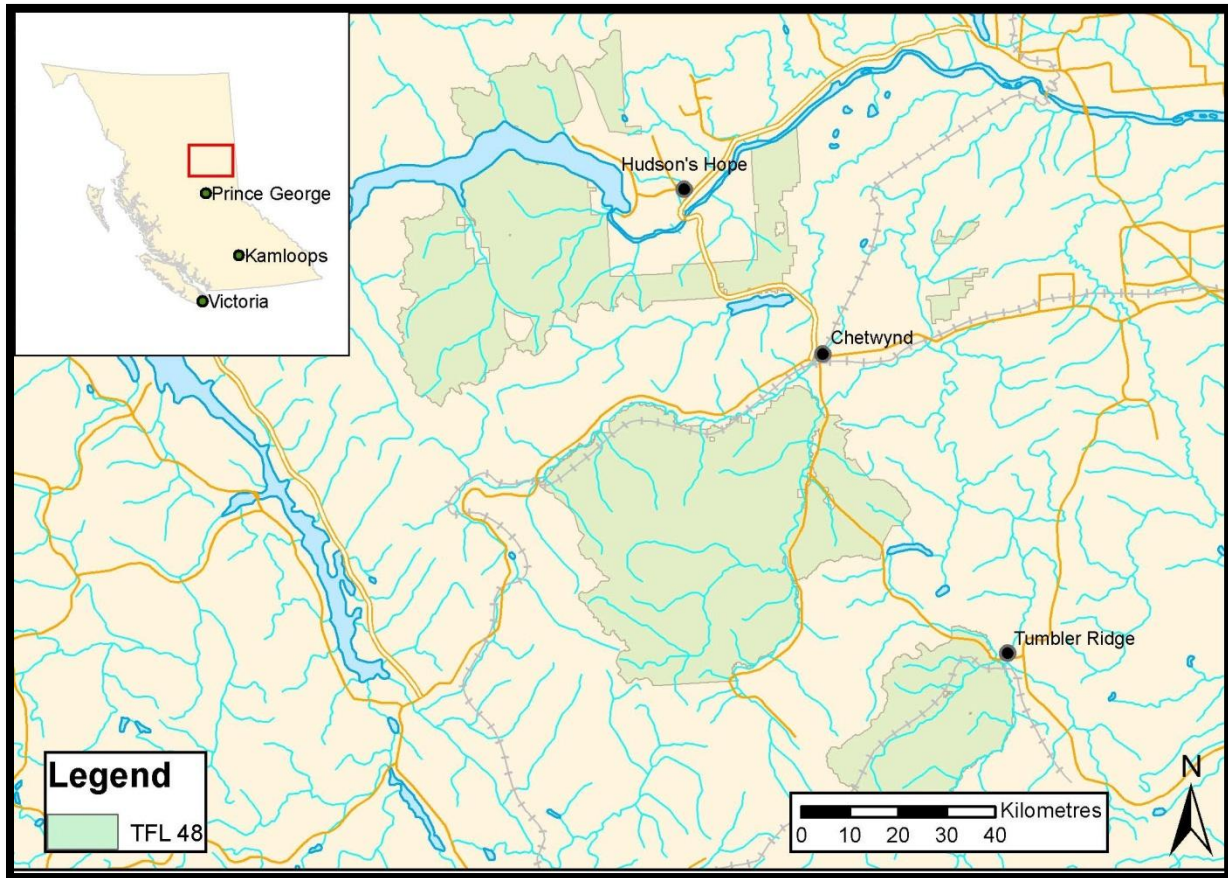
*Rolling terrain east of Chetwynd.*

## 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 August 1, 2011, and August 24, 2012, were included in the audit. These activities, and associated planning, were assessed for compliance with the *Forest and Range Practices Act* (FRPA), the *Wildfire Act* (WA) and related regulations.

The Board's Compliance Audit Reference Manual, Version 6.0, May 2003, and the addendum to the manual for the 2012 audit season set out the standards and procedures that were used to carry out this audit.

## Map of Canfor Operating Areas



### Planning and Practices Examined

#### Operational Planning

Canfor's activities are subject to the 1999 Dawson Creek Land and Resource Management Plan (DCLRMP). DCLRMP provides direction from government on how to manage public lands and resources within the plan area.

Canfor planned activities in its 2007-2012 forest stewardship plan (FSP).<sup>2</sup> The FSP and stand level plans were examined to ensure that they were consistent with legislated requirements. Stand level plans were also evaluated to ensure that they accurately identified site conditions through harvesting, road and silviculture field sampling.

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<sup>2</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.

## **Timber Harvesting**

Forty-five cutblocks covering 3444 hectares were harvested during the audit period and 16 cutblocks totalling 2142 hectares were sampled as part of the audit.

## **Road Construction, Maintenance, Deactivation**

Canfor is responsible for approximately 1797 kilometres of road permit roads, of which 169 kilometres was construction, 121 kilometres was deactivation, and 1507 kilometres was maintenance. The Board examined 687 kilometres which consisted of 75 kilometres of construction, 121 kilometres of deactivation, and 491 kilometres of maintenance. An additional 62 kilometres of in-block roads constructed were also deactivated and are included within the deactivation sample.

Canfor did not construct any bridges during the audit period. Canfor had bridge maintenance obligations on 96 bridges and the auditors examined 30 bridges.

## **Silviculture Activities and Obligations**

Canfor's silviculture obligations included planting 65 cutblocks, brushing 15 cutblocks, and chemical treatments on 66 cutblocks. Canfor also had obligations for regeneration delay on 91 cutblocks covering 1076 hectares and for free growing on 34 cutblocks covering 1059 hectares. Auditors examined planting in 8 cutblocks, and brushing in 13 cutblocks (5 were manual and 8 were chemical treatment). Auditors also confirmed regeneration obligations were met on 20 regeneration delay blocks and 14 free growing cutblocks.

## **Fire Protection**

Hazard assessment and abatement activities were examined on 17 cutblocks in conjunction with harvest auditing. Fire tool inspections were conducted on two active operations during the audit fieldwork.

## **Findings**

The audit found the planning and forest activities undertaken by Canfor complied with the requirements of FRPA, WA and related regulations.

## **Operational Planning**

The FSP was consistent with legislated requirements. Planning at the landscape and stand levels was consistent with the FSP, the DCLRMP and legal requirements.

Canfor's site plans are thorough and detailed and each refers to applicable FRPA objectives and DCLRMP objectives. For each of the relevant objectives, the site plans detail the result and/or strategy that Canfor has in place to address the objective.

Site-specific resources were addressed in the site plans by accurately identifying and prescribing practices for resource features, including streams and wetlands, wildlife habitat, cultural heritage features and recreation trails.

## **Timber Harvesting**

Harvesting practices were consistent with site level plans. Soil disturbance was well managed and within FRPA limits and natural drainage patterns were maintained. Wildlife tree retention consisted of patches or individual trees and retention was preserved as planned. Deciduous species were retained where possible to provide some green trees in the dead pine-dominated landscape.

## **Road Construction, Maintenance and Deactivation**

No concerns were identified with road construction, maintenance or deactivation. Roads were stable and stream crossings were well maintained and in good condition. Roads were deactivated immediately after harvesting depending on the season. Areas harvested over the winter (frozen conditions) were deactivated during drier periods (late summer/early fall) and prior to the next winter season.

Canfor had bridge maintenance obligations during the audit period and maintenance was in accordance with obligations and no concerns were identified.

## **Silviculture Activities and Obligations**

Silviculture activity in the audit period included planting, brushing, chemical treatments; regeneration delay and free growing surveys. Canfor has reforested all of its blocks promptly. All seedlings met the Chief Foresters Standards for Seed Use and there were no concerns with planting.

## **Fire Protection Activities**

No concerns were identified with respect to hazard assessment and abatement. Fire hazard was assessed at the completion of harvesting and slash was either piled or piled and burned on all blocks. Fire-fighting equipment requirements were audited and active operations were in compliance.

## 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 48 between August 1, 2011, and August 24, 2012, complied in all significant respects with the requirements of the *Forest and Range Practices Act*, the *Wildfire Act* and related regulations as of August 2012.

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(CEA)  
Director, Audits

Victoria, British Columbia  
February 26, 2013



# 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.

### Selection of Auditees

The Board conducts about 8 or 9 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 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 2010, the Board randomly selected the Mackenzie district as a location for an audit. After assessing the activities within that area, we discovered that a large licensee 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, and we knew that some of the licence area is very remote, the new licence holder was selected for audit.

For BCTS audits, a 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 Canadian 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 fieldwork 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 week in the field.

### Evaluating the Results

The Board recognizes that compliance with the many requirements of 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 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 draft report from the auditor 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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