

**Audit of Forest Planning and Practices
Lakeland Mills Ltd.**

Forest Licence A18163



FPB/ARC/76

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Table of Contents

Board Commentary..... 1

Audit Results..... 3

 Background 3

 Higher Level Plans 4

 Audit Approach and Scope..... 4

 Planning and Practices Examined..... 4

 Audit Opinion..... 5

Appendix 1: Forest Practices Board Compliance Audit Process..... 7

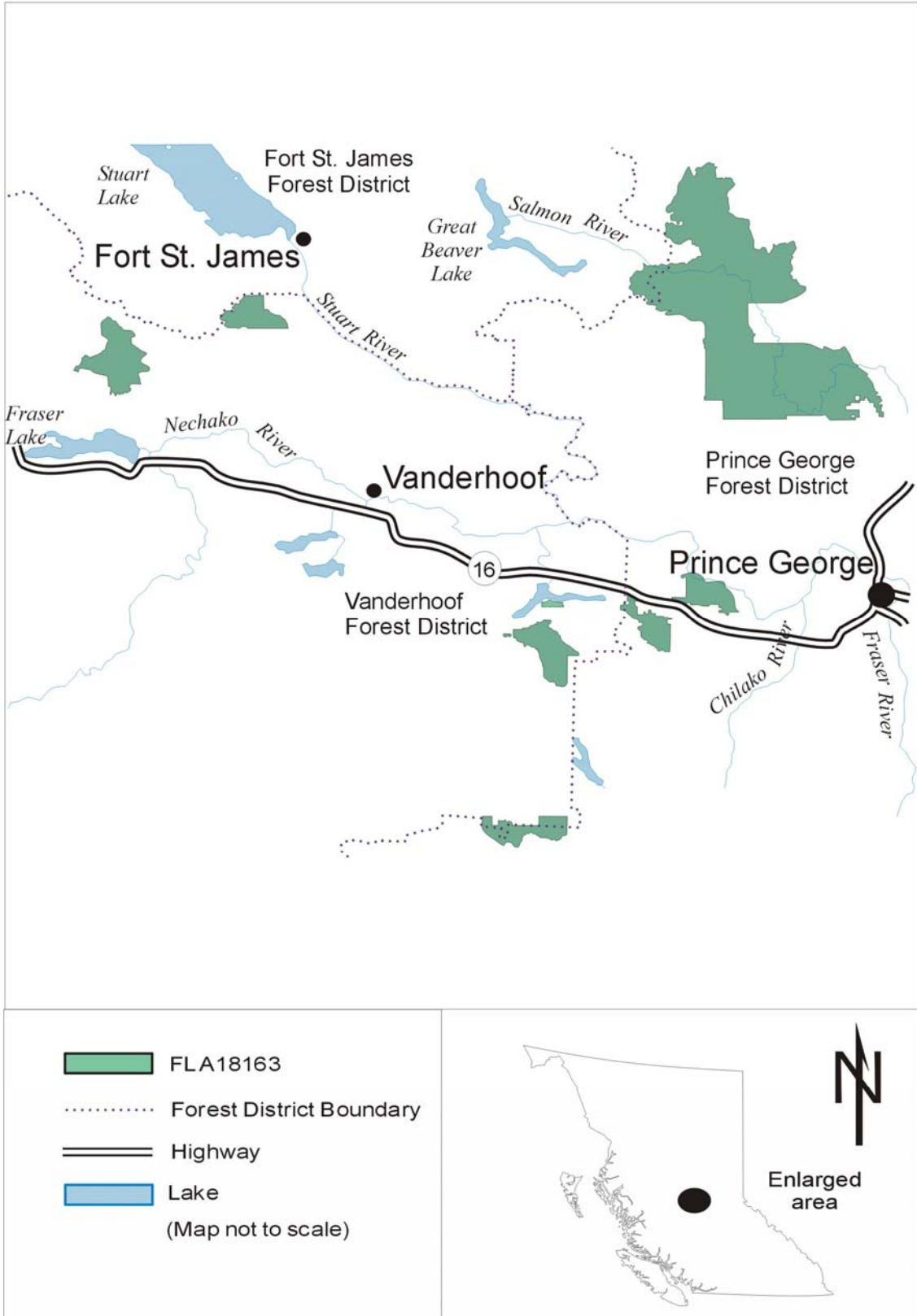
Board Commentary

This is the Board's report on a compliance audit of forest licence A18163, held by Lakeland Mills Ltd. The operating area is within the Prince George Timber Supply Area, and current operations are focussed north of Prince George (see map on page 2).

The unprecedented mountain pine beetle epidemic continues in the interior of the province, including the area audited. In response to this epidemic, Lakeland is focussing a majority of its harvesting activities on the salvage of infested stands.

Given the pressure to salvage infested stands while still economically viable, the Board is pleased that Lakeland is in full compliance with the requirements of the Forest Practices Code and the *Forest and Range Practices Act*, and encourages Lakeland to continue to comply with the legal requirements for planning and forest practices, while focussing on beetle-infested stands.

**Audit of
Lakeland Mills Ltd.
FL A18163**



Audit Results

Background

As part of the Forest Practices Board's 2005 compliance audit program, the Board selected Forest Licence A18163 for audit. The licence is held by Lakeland Mills Ltd. (Lakeland), located in Prince George, BC, and was selected randomly, and not based on location or past performance. Information on the Board's compliance audit process is provided in Appendix 1 (see page 7).

Forest Licence A18163 is a volume-based licence, located in both the Prince George and Vanderhoof Forest Districts. Four distinct operating areas are in the Vanderhoof Forest District, and two operating areas are located in the Prince George Forest District. During the audit period, forestry operations took place in both districts, with the majority in the Carp operating area in the Prince George Forest District. Lakeland's operating area consists largely of gentle rolling slopes with numerous low gradient streams, lakes and wetlands. Many of the streams and lakes are fish bearing.

The allowable annual cut for this licence is 254,102 cubic metres, and, due to its salvage operations, Lakeland harvested approximately 290,000 cubic metres during the period audited (August 1, 2004, to August 26, 2005).



Part of Lakeland's operating area, showing beetle attacked trees near an area previously harvested.

Despite continued efforts to subdue the outbreak, Lakeland's operating areas are part of a vast area in central BC that is currently affected by an unprecedented mountain pine beetle attack. Lakeland's operating areas in both forest districts have been intensively impacted by the beetle, causing Lakeland to focus its harvesting effort on the salvage of infested stands.

Lakeland is ISO 14001 certified, and is in the process of obtaining CSA certification. In preparation, Lakeland has developed sustainable forest management plans for its operations in both forest districts.

The Board's audit fieldwork took place during the week of August 22, 2005.

Higher Level Plans

No higher level plans¹ have been established for Lakeland's operating areas, other than the Sawmill Lake recreation site, and Lakeland did not have active operations in that area. The Prince George Land and Resource Management Plan (PGLRMP) was approved by government on January 25, 1999, and the Vanderhoof Land and Resource Management Plan (VLRMP) was approved in early 1997. The Lakeland forest development plans for FL A18163 commit to the requirements of both the PGLRMP and the VLRPM. However, the beetle infestation has largely superseded operating plans, as Lakeland has been preoccupied with its efforts to contain and minimize the damage being caused by the beetle. Consequently, the audit of operational planning was limited to reviewing Lakeland's compliance with the *Bark Beetle Regulation* under the Forest Practices Code,² and a review of the environmental aspects of commitments made in the forest development plans.

Audit Approach and Scope

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

- operational planning (including forest development plans³ and site plans⁴);
- timber harvesting;
- road construction, maintenance and deactivation;
- silviculture; and
- fire protection.

These activities were assessed for compliance with the *Forest Practices Code of British Columbia Act* (the Code) and the *Forest and Range Practices Act* (FRPA)⁵, as well as the *Wildfire Act*. All activities, planning and obligations for the period August 1, 2004, to August 26, 2005, were included in the scope of the audit.

The Board's audit reference manual, *Compliance Audit Reference Manual, Version 6.0, May 2003*, and the addendum to the manual for the 2005 audit season, set out the standards and procedures that were used to carry out this audit.

Planning and Practices Examined⁶

Lakeland harvested 83 cutblocks under the forest licence:

- 16 harvest blocks, averaging approximately 65 hectares in size
- 17 salvage blocks, averaging approximately 10 hectares
- 50 salvage blocks, averaging under 5 hectares

The Board audited a total of 36 cutblocks:

- 16 harvest blocks, averaging approximately 65 hectares in size (100 percent)
- 8 salvage blocks, averaging approximately 10 hectares (47 percent)
- 12 salvage blocks, averaging under 5 hectares (24 percent)

Lakeland built 23.4 kilometres of road and 3 bridges, and maintained 580.4 kilometres of road and 16 bridges. No permanent roads were deactivated within the audit period, so this activity was not assessed. The Board audited:

- 5.9 kilometres (25 percent) of the road construction;
- 64.5 kilometres (11 percent) of the road maintenance;
- 1 new bridge (33 percent); and
- 9 of the maintained bridges (56 percent).

Lakeland's silviculture program during the audit period consisted of mechanical site preparation; planting; chemical brushing to control competing brush; and surveying. Thirty-three areas were due for free-growing status—the focus of the silviculture component of the audit—before the end of the audit period, and had been accepted as such by the Ministry of Forests and Range. All of the documentation was reviewed, including surveys, and seven areas (21 percent) were field-reviewed.

With respect to fire protection, the audit examined fire tools for four large engines at two active work sites (50 percent).

Audit Opinion

In my opinion, the operational planning; timber harvesting; silviculture; road and bridge construction and maintenance; and fire protection carried out by Lakeland Mills Ltd. on FL A18163 from August 1, 2004, to August 26, 2005, complied in all significant respects with the requirements of the Code, FRPA, the *Wildfire Act* and related regulations, as of August 2005. No opinion is provided regarding road deactivation.

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.

.... all operations reviewed
complied in all significant
respects with the legislated
requirements....

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 the Code and FRPA.



Christopher R. Mosher CA, CEA (SFM)
Director, Audits
December 5, 2005

¹ 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.

² Although in force when the audit was conducted, the *Bark Beetle Regulation* has since been rescinded.

³ A forest development plan is an operational plan that provides the public and government agencies with information about the location of proposed roads and cutblocks for harvesting timber over a period of at least five years. The plan must specify measures that will be carried out to protect certain forest resources prescribed by regulation. It must also be consistent with any higher level plans. Site-specific plans are required to be consistent with the forest development plan.

⁴ 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.

⁵ In January 2004 the *Forest and Range Practices Act* (FRPA) replaced the Forest Practices Code as British Columbia's forest practices legislation. FRPA will be phased in over a transition period ending on December 31, 2006 (with government authorized to extend the period until December 31, 2007). The transitional provisions of FRPA state 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.

⁶ Lakeland's forestry activities were planned and approved under: Forest Licence A18163 Forest Development Plan, April 1, 2001, to October 31, 2006, Vanderhoof Forest District, Prince George Timber Supply Area; and Forest Licence A18163 Forest Development Plan, April 1, 2002, to October 31, 2007, Prince George Forest District, Prince George Timber Supply Area, as amended by approval from the Prince George Forest District Manager to harvest under the *Bark Beetle Regulation* exemption.

Appendix 1: Forest Practices Board Compliance Audit Process

Background

The Forest Practices Board conducts audits of government and agreement-holders for compliance with the *Forest Practices and Range Practices Act* (FRPA). The Board has the authority to conduct these periodic independent audits under section 122(1) of FRPA. Compliance audits examine forest planning and practices to determine whether or not they meet FRPA requirements.

Most of the *Forest Practices Code of British Columbia Act* (the Code) was repealed on January 31, 2004, and replaced with FRPA. 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 stewardship plan, at which point the requirements of FRPA apply.

The Board audits agreement holders who have forest licences or other tenures under the *Forest Act* or the *Range Act*. The Board also audits government's British Columbia Timber Sales (BCTS) program. Selection for audit, of both areas and licensees or agreement-holders to be audited, is made randomly to ensure a fair, unbiased selection.

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 audits determine compliance with the Code and FRPA, based on criteria derived from those Acts and related regulations. The criteria reflect judgments about the level of performance that constitutes compliance with each requirement

The standards and procedures for compliance audits are described in the Board's *Compliance Audit Reference Manual*.

Audit Process

Conducting the Audit

Once the Board randomly selects an audit licensee and area, 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 and FRPA 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 and FRPA 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 copy of the draft 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.