

**Audit of Timber Harvesting and Road  
Construction, Maintenance and Deactivation**

**Ainsworth Lumber Company Ltd.  
Pulpwood Agreement #16**

**West Fraser Mills Ltd.  
Forest Licence A20001**



**FPB/ARC/84**

**November 2006**

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## Board Commentary

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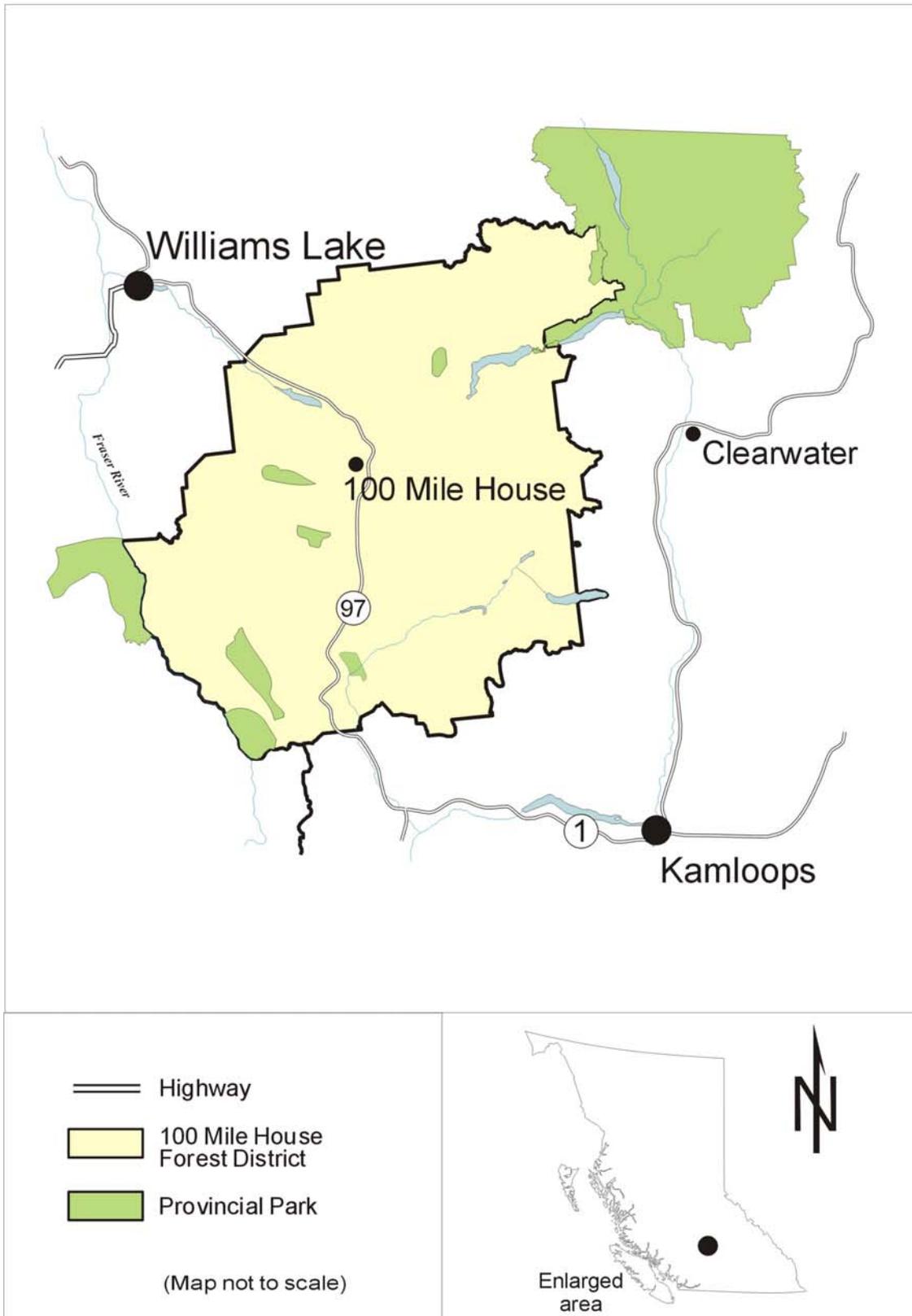
In summer 2006, the Board conducted a limited scope compliance audit of two forest tenure holders in the 100 Mile House Forest District (see map on page 2)—Ainsworth Lumber Company Ltd. pulpwood agreement #16, and West Fraser Mills Ltd., forest licence A20001.

The audit assessed the timber harvesting and road planning activities and obligations of these tenure holders, including:

- operational planning specific to harvesting and roads
- harvesting of 61 cutblocks
- over 1600 kilometres of road work construction or maintenance
- maintenance of 78 bridges

The Board is pleased to note that both Ainsworth and West Fraser complied with legislative requirements in all significant respects.

## Audit of Two Forest Tenures in the 100 Mile House Forest District



# Audit Results

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## Background

As part of the Forest Practices Board's 2006 compliance audit program, the Board selected two licences in the 100 Mile House Forest District for audit—Ainsworth Lumber Company Ltd. (Ainsworth), pulpwood agreement #16, and West Fraser Mills Ltd. (West Fraser), forest licence A20001.

Ainsworth holds pulpwood agreement<sup>1</sup> (PA) #16, one of several such agreements in BC, to supply fibre to their oriented strand board plant in 100 Mile House. Although the agreement applies to the 100 Mile House, Williams Lake, Lillooet and Kamloops Timber Supply Areas, only the operations within the 100 Mile House Timber Supply Area were subject to this audit.

The pulpwood agreement requires Ainsworth to obtain the majority of its fibre requirements from other licence holders in the area. To address fibre shortfalls, Ainsworth may harvest up to 112,000 cubic metres of timber from stands that are predominantly deciduous species or small diameter pine. Consequently, Ainsworth does not play a major role in harvesting mountain pine beetle attacked timber. Nonetheless, the majority of pine harvested under the pulpwood agreement during the audit period was attacked timber, owing to the extensive attack in the district. Ainsworth does not have a defined operating area within the 100 Mile House Forest District, so the activities subject to audit are scattered throughout the district.



West Fraser holds forest licence A20001, with operations primarily focused in the northeast portion of the 100 Mile House Forest District. West Fraser acquired the operations of Weldwood of Canada Ltd., including this licence, on December 31, 2004. The annual harvest limit for this licence is 366,000 cubic metres. West Fraser directs nearly all of its harvesting towards salvaging mountain pine beetle attacked stands.

The Board randomly selected the 100 Mile House Forest District for a multi-licence limited scope audit in 2006. Ainsworth and West Fraser were selected as the two major forest agreement holders in the district not previously audited by the Board. Additional information on the Board's compliance audit process is provided in Appendix 1.

The audit examined the timber harvesting; road construction, deactivation and maintenance; and the associated operational planning, carried out under pulpwood agreement #16 in the 100 Mile House forest district by Ainsworth Lumber Company Ltd. and forest licence A20001 by West Fraser Mills Ltd., for the period July 1, 2005, to July 14, 2006.

## Higher Level Plans<sup>2</sup>

The *Cariboo-Chilcotin Land-Use Plan* (CCLUP) is applicable to the forest agreement holders' operations subject to audit. Parts of the CCLUP were declared a higher level plan under the Forest Practices Code, requiring operations to be consistent with those portions of the CCLUP. Other portions of the CCLUP provide broad operational guidance for forest practices in the plan area.

The draft 100 Mile House Sub-Regional Plan provides further guidance on how to achieve the CCLUP objectives for resource values such as biodiversity, recreation and timber.

## **Audit Approach and Scope**

The Board conducted a “limited scope” audit which means that only harvesting, road activities and associated planning were examined. Harvesting and road activities for the period July 1, 2005, to July 14, 2006, were included in the scope of the audit. These activities were assessed for compliance with the *Forest Practices Code of British Columbia Act* (the Code), the *Forest and Range Practices Act* (FRPA)<sup>3</sup> 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 2006 audit season, set out the standards and procedures that were used to carry out the audit.

## **Planning and Practices Examined**

The CCLUP contains predominantly landscape level requirements which fell outside the scope of the audit. The audit did not identify any CCLUP site level requirements for the blocks and roads subject to audit. The 100 Mile House Sub-Regional Plan, which provides guidance on how to achieve the CCLUP, also contains mainly landscape level objectives, with only a few site level requirements. Where applicable, the audit assessed site-level guidance in the sub-regional plan, such as meeting a visual quality objective or confining harvest operations to the winter to avoid impacts on summer recreation.

### **Ainsworth**

Ainsworth conducted activities during the audit period under its 2003-2008 forest development plan (FDP).<sup>4</sup> The plan has been amended several times since it was approved.

Twenty-one cutblocks were harvested during the audit period. The board audited 12 of the cutblocks.

Ainsworth constructed 38.3 kilometres of road under road permit and deactivated 1.7 kilometres. Auditors assessed 26.1 kilometres of the construction and all of the deactivation. Auditors also examined 57.5 kilometres of the 79.9 kilometres of road maintained by Ainsworth.

Ainsworth did not install any bridges during the audit period. Auditors assessed the one bridge Ainsworth was required to maintain during the audit period.

### **West Fraser**

West Fraser conducted activities during the audit period under its 2002-2006 FDP. The plan has been amended several times since it was approved.

Forty cutblocks were harvested during the audit period. The board audited 21 of the cutblocks.

West Fraser constructed 129.3 kilometres of road under road permit and deactivated 13.9 kilometres. Auditors assessed 81.8 kilometres of the construction and 7.6 kilometres of the deactivation. Auditors also examined 191 kilometres of the 1,386 kilometres of road maintained by West Fraser.

West Fraser installed one bridge during the audit period and it was assessed by the auditors. Auditors assessed 32 of the 76 bridges West Fraser was required to maintain during the audit period.

## **Audit Opinion**

In my opinion, the timber harvesting; road construction, deactivation and maintenance; and the associated operational planning, carried out under pulpwood agreement #16 in the 100 Mile House Forest District by Ainsworth Lumber Company Ltd. and forest licence A20001 by West Fraser Mills Ltd., for the period July 1, 2005, to July 14, 2006, complied in all significant respects with the requirements of the *Forest Practices Code of British Columbia Act*, and the *Forest and Range Practices Act* and related regulations as of July 2006.

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 the Code, and FRPA.



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

November 15, 2006

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<sup>1</sup> A pulpwood agreement grants a conditional right to harvest “pulp quality timber,” where other sources are insufficient or uneconomic. Typically they have terms up to 25 years and require the agreement holder to maintain a pulp timber processing facility and purchase wood residue and pulp logs produced in the pulpwood area.

<sup>2</sup> 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.

<sup>3</sup> 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 auditee were the requirements of the Code.

<sup>4</sup> 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.

# Appendix 1:

## Forest Practices Board Compliance Audit Process

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### Background

The Forest Practices Board conducts audits of government and agreement-holders for compliance with the *Forest Practices and Range Practices Act* (FRPA) and the *Wildfire Act* (WA). The Board has the authority to conduct these periodic independent audits under section 122(1) of FRPA and section 68(1) of WA. Compliance audits examine forest planning and practices to determine whether or not they meet FRPA and WA 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, FRPA and WA, 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, 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 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.