

**Forestry Audit: British Columbia Timber Sales
Kamloops Business Area
(Clearwater Field Unit)**



FPB/ARC/99

March 2008

Table of Contents

Board Commentary	1
Audit Results	3
Background	3
Audit Approach and Scope.....	3
Planning and Practices Examined.....	4
Audit Opinion.....	5
Appendix 1: Forest Practices Board Compliance Audit Process	7

Board Commentary

In September 2007, the Board conducted a compliance audit of forest planning and practices of the British Columbia Timber Sales (BCTS) program and timber sale licence holders, in the Kamloops Business Area's Clearwater Field Unit, located in the Headwaters Forest District (see map on page 2).

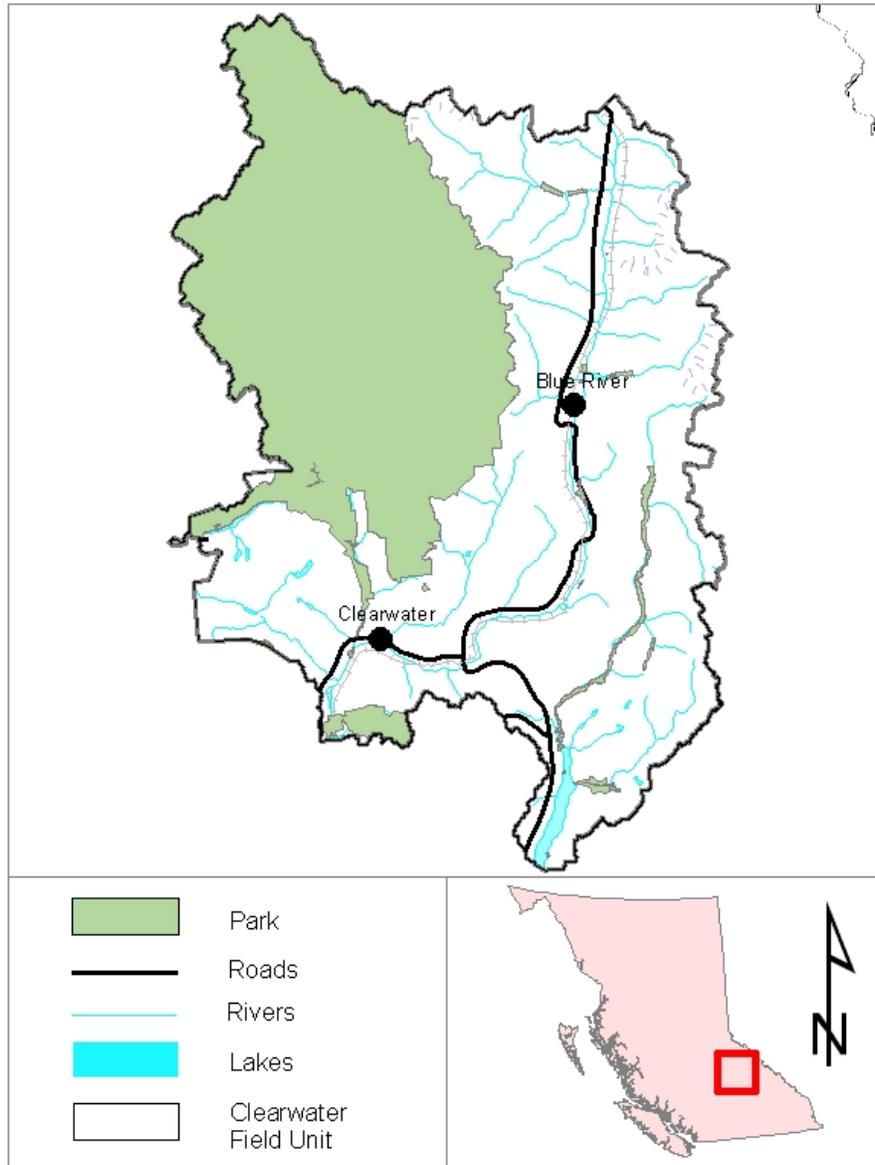
The audit assessed the planning, activities and obligations of the BCTS program and its timber sale licence holders, including:

- operational planning;
- more than 17 kilometres of road construction and maintenance and deactivation of more than 700 kilometres of road;
- 54 bridges;
- 82 blocks with silviculture activity; and
- 29 harvesting cutblocks.

The Board is pleased to note that BCTS and its timber sale licence holders, in the Kamloops Business Area's Clearwater Field Unit, complied with legislative requirements in all significant respects.

The Board also notes that BCTS had conducted an analysis to identify cutblocks planted with trees exceeding the seed transfer limits. Since exceeding the seed transfer limits may decrease productivity or increase the susceptibility to frost, insects or disease, the Board encourages BCTS to continue to periodically monitor the condition of these cutblocks, and to ensure that future planting is consistent with the seed transfer guidelines.

Audit of BCTS Forest Planning and Practices
Clearwater Field Unit



Audit Results

Background

As part of the Forest Practices Board's 2007 compliance audit program, the British Columbia Timber Sales (BCTS) program and timber sale licence holders in the Kamloops Business Area's Clearwater Field Unit, located in the southern portion of the Headwaters Forest District, were selected for audit. Activities are administered by the BCTS Kamloops Business Area office located in Clearwater.

BCTS is an independent organization within the BC Ministry of Forests and Range that develops Crown timber for auction. BCTS offers timber for sale to registrants in the BCTS program, prepares operational plans and issues timber sale licences and road permits. Successful bidders are awarded timber sale licences and must fulfill licence, permit and operational plan obligations, including timber harvesting and road work within cutblocks.

The Kamloops Business Area's Clearwater Field Unit was selected randomly, and not on the basis of location or past performance. Additional information on the compliance audit process is provided in Appendix 1.

The Board's audit fieldwork took place from September 24 to 28, 2007.

Audit Approach and Scope

The audit examined both BCTS's and timber sale licence holders' obligations and activities.

BCTS is responsible for operational planning, including preparing forest stewardship plans (FSP)¹ and site plans,² silviculture, and most road construction, maintenance and deactivation outside of cutblocks.

Timber sale licensees are responsible for timber harvesting, fire protection, and most road construction, maintenance and deactivation within cutblocks.

These activities were assessed for compliance with the *Forest Practices Code of British Columbia Act* (the Code), the *Forest and Range Practices Act* (FRPA),³ and the *Wildfire Act* (WA) and related regulations. All activities, planning and obligations for the period September 1, 2006, to September 28, 2007, 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 2007 audit season, set out the standards and procedures that were used to carry out this audit.

Planning and Practices Examined

BCTS Responsibilities

BCTS' planned activities were approved in an FSP on December 22, 2006. The Board audited the FSP to ensure compliance with applicable legislation. Although the FSP was in effect during the majority of the audit period, most of the activities subject to audit were previously approved under the Code and were therefore audited to Code requirements. No activities were planned or undertaken within caribou zones outlined in the Kamloops Land and Resource Management Plan.

Auditors reviewed all 17.2 kilometres of road constructed by BCTS. Auditors also examined 229 of the 711 kilometres of road maintained by BCTS. Auditors did not examine any of the 0.3 kilometers of road deactivated by BCTS.

Four bridges and major culverts were installed during the audit period by BCTS. Three were reviewed in the field. Another 50 bridges were required to be maintained by BCTS during the same period and auditors sampled 23 of them.

Twenty-seven cutblocks were required to be free growing during the audit period. Auditors reviewed 13 of them in the field, and reviewed the documentation for an additional 2.

The audit field-sampled 9 of the 35 cutblocks with regeneration obligations due during the audit period.

The Board also examined 6 of the 17 cutblocks that had been mechanically brushed, and 2 of the 3 cutblocks that had been site prepared.

Timber Sale Licence Holders' Responsibilities

Twenty-nine cutblocks totaling 863 hectares were harvested under 17 different timber sales during the audit period. The Board audited 15 of the cutblocks.

Auditors also examined 1.8 of the 2.1 kilometres of road deactivated by timber sale licence holders.

As well, 6 active work sites were encountered during the audit. Fire tool inspections were carried out on 3 sites.

Findings

The audit found that the planning and field activities undertaken by BCTS and timber sale licence holders complied in all significant respects with the requirements of the Code, FRPA, WA and related regulations.

Seed Transfer Limits

Of the 27 cutblocks that were required to be free growing during the audit period, 18 were planted or partly planted with seedlings exceeding the specified limits for seed transfer, contrary to the *Timber Harvesting and Silviculture Practices Regulation*, section 38(4). Exceeding the transfer limits may decrease productivity or increase the susceptibility to frost, insects or disease.

BCTS identified and documented the seed transfer limit violations in a 2006 analysis submitted to the district manager. BCTS assessed risk to these plantations and outlined processes for ensuring that current planting is consistent with seed transfer limit guidelines.

Auditors field-reviewed 12 of the 18 cutblocks in question. At the time of the audit, these blocks were fully stocked and the affected trees were performing well. However, since the overall performance of these stands is contingent on how the affected trees perform in the future, auditors made no conclusions on the significance of exceeding the seed transfer requirements.

Audit Opinion

In my opinion, the operational planning; timber harvesting; road construction, maintenance and deactivation; silviculture and fire-protection activities carried out by BCTS and timber sale licence holders in the Kamloops Business Area's Clearwater Field Unit, located in the Headwaters Forest District, for the period September 1, 2006, to September 28, 2007, complied in all significant respects with the requirements of the Code, FRPA, WA and related regulations as of September 2007.

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.

Without qualifying my opinion, I draw attention to the *Seed Transfer Limits* section of this 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, FRPA and WA.



Christopher R. Mosher CA, CEA(SFM)

Director, Audits

February, 11 2008

¹ 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.

² 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.

³ 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.

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 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 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.