

# Forestry Audit: British Columbia Timber Sales Kootenay Lake



FPB/ARC/93  
December 2007

# Table of Contents

---

Letter of Transmittal .....	1
Audit Results .....	3
Background .....	3
Audit Approach and Scope .....	4
Planning and Practices Examined .....	4
Audit Opinion.....	5
Appendix 1: Forest Practices Board Compliance Audit Process.....	6
Background .....	6
Audit Standards.....	6
Audit Process .....	7

## Letter of Transmittal

---

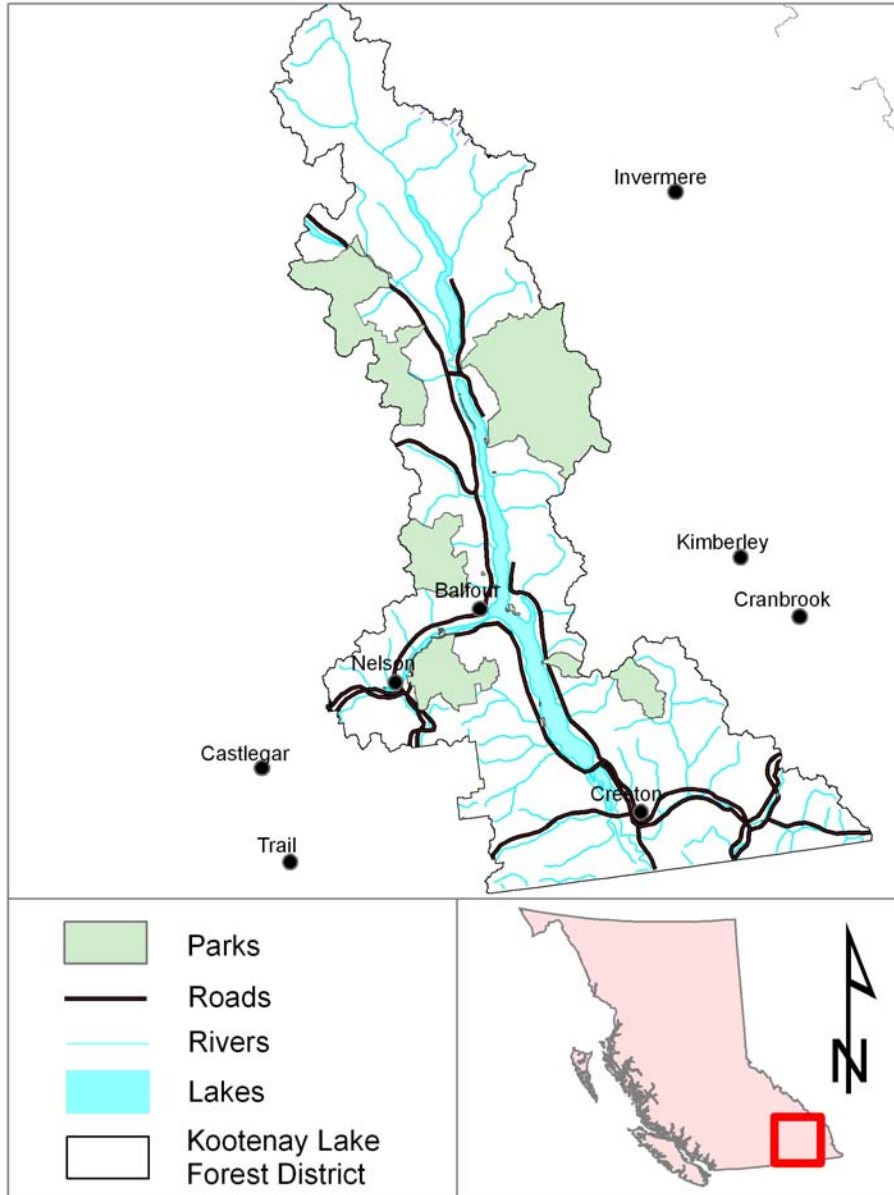
On behalf of the Forest Practices Board, I submit this report regarding the British Columbia Timber Sales audit in Kootenay Lake during the period of June 1, 2006, through June 29, 2007.

The Board is pleased to note that BCTS and its licensees were in full compliance with legislative requirements.

A handwritten signature in black ink that reads "Bruce Fraser". The signature is written in a cursive, flowing style.

Bruce Fraser, Ph.D.  
Forest Practices Board

# Audit of BCTS Forest Planning and Practices Kootenay Lake Forest District



# Audit Results

---

## Background

In summer 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 Kootenay Lake Forest District (see map on page 2). Activities are administered by the BCTS Kootenay Business Area office located in Nelson.

BCTS is an independent organization within the B.C. 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 those specific to timber harvesting and road work within cutblocks.

The Kootenay Lake Forest District portion of BCTS's operating area 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 audit assessed the planning, activities and obligations of the BCTS program and the holders of 16 timber sale licences, including;

- operational planning;
- more than 31 kilometres of BCTS road construction as well as maintenance of more than 400 kilometres of roads;
- 23 bridges;
- 15 free-growing blocks; and
- 29 harvesting cutblocks.

The Board's audit fieldwork took place from June 25 to 28, 2007.



*View of Kootenay Lake at Balfour from a BCTS cutblock.*

## Audit Approach and Scope

The audit examined the obligations and activities of both BCTS and the timber sale licence holders.

BCTS is responsible for planning, including preparing forest stewardship plans (FSPs)<sup>i</sup> and site plans;<sup>ii</sup> silviculture, including site preparation and planting; most road construction, maintenance and deactivation outside of cutblocks; and fire protection associated with those activities.

Timber sale licensees are responsible for timber harvesting; most road construction, maintenance and deactivation within cutblocks; and slash disposal and fire protection associated with these responsibilities.

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>iii</sup> and the *Wildfire Act* (WA) and related regulations.

In addition, activities were assessed for compliance with the requirements of the Kootenay Boundary Higher Level Plan Order, which has been in place since 2001. Key requirements of this order include old and mature timber conservation and protection of important caribou and grizzly bear habitat.

All activities, planning and obligations for the period June 1, 2006, to June 29, 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 a forest stewardship plan on December 13, 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.

BCTS constructed 32 kilometres of forest service road and was responsible for maintaining 410 kilometres. Auditors reviewed 31 kilometres of road construction and 136 kilometres of road maintenance. Auditors also checked fire tools on one active road construction site. In addition, four bridges were installed during the audit period by BCTS and all were reviewed in the field. Another 19 bridges were required to be maintained by BCTS during the same period and auditors sampled 14 of them.

Fifteen cutblocks were required to be free-growing during the audit period. Auditors sampled all of them in the field. Site preparation and planting activities undertaken by BCTS were sampled in conjunction with harvesting samples because they are undertaken very quickly after harvesting. Auditors examined 24 site preparation sites and 13 planting sites.

### **Timber Sale Licence Holders' Responsibilities**

Twenty-nine cutblocks were harvested under 16 different timber sales during the audit period. The Board audited all of the cutblocks. Auditors also examined 12 kilometres of in-block roads constructed and five kilometres of road deactivated by licence holders during the audit period. No active logging sites were checked for fire tools.

### **Audit Opinion**

In my opinion, the operational planning; timber harvesting; road construction, maintenance and deactivation; silviculture and fire-protection planning carried out by BCTS and timber sale licence holders in the Kootenay Lake Forest District for the period June 1, 2006, to June 28, 2007, complied in all significant respects with the requirements of the Code, FRPA, WA and related regulations as of June 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.

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  
November 29, 2007

# 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.

---

<sup>i</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.

<sup>ii</sup> 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 does not require review or approval by government to be implemented.

<sup>iii</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, some of the legislated forest practices requirements that applied to the auditee were the requirements of the Code.