



**Forest  
Practices  
Board**

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

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*J.H. Huscroft Ltd.  
Forest Licence A20213*

**FPB/ARC/137**

April 2012

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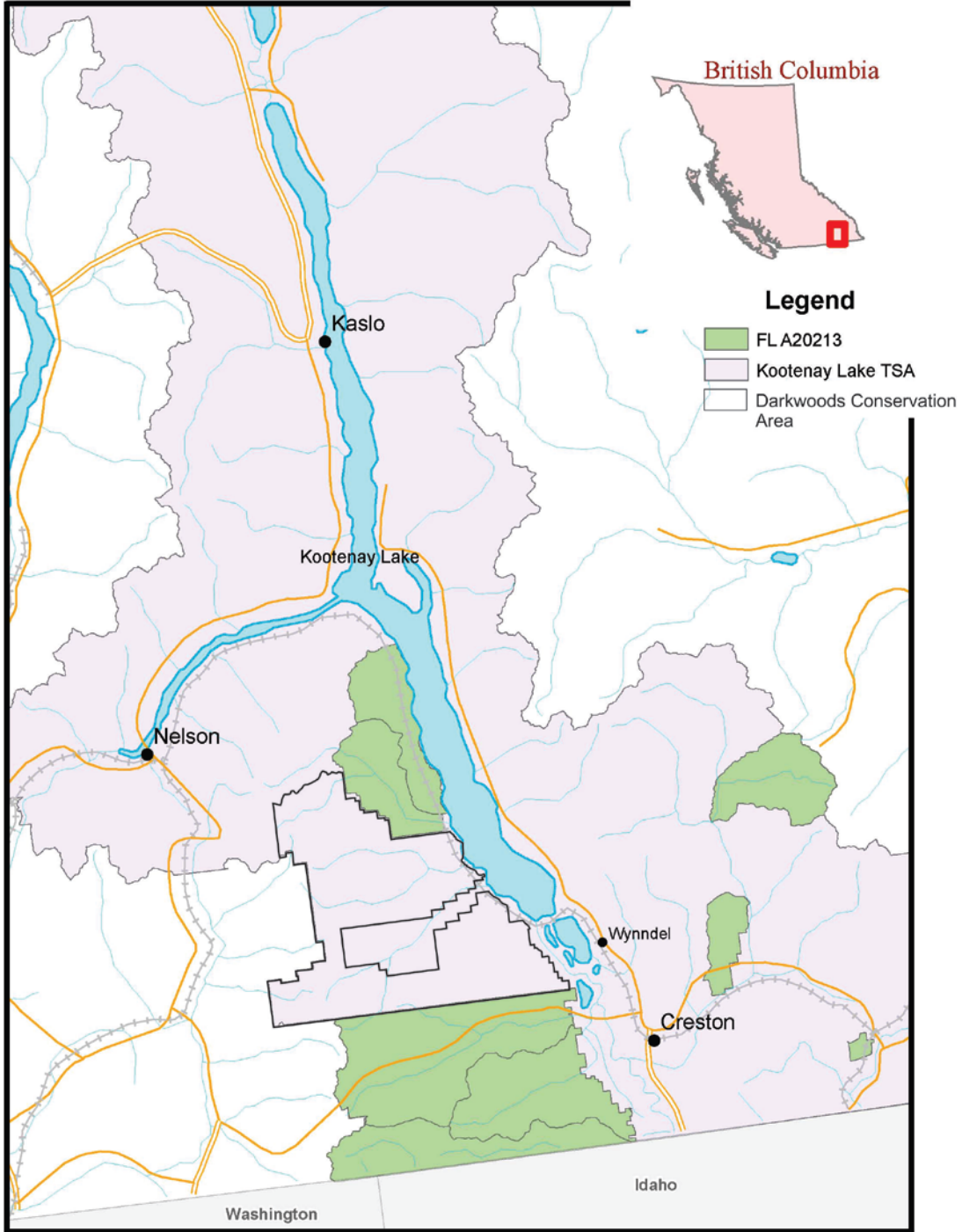
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# Map of J.H. Huscroft Ltd. FL A20213 Operating Areas Subject to Audit



# Audit Results

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## Background

As part of the Forest Practices Board's 2011 compliance audit program, the Board randomly selected the Selkirk District as the location for a full scope compliance audit. Within the district, the Board selected Forest Licence (FL) A20213, which operates in the Kootenay Lake Timber Supply Area (TSA). This licence is held by J.H. Huscroft Ltd., (Huscroft), a family owned and operated company established in Creston in 1927.

Typical forests in the TSA are sometimes described as the “Kootenay mix,” with many coniferous species including Douglas fir, cedar, larch, hemlock, spruce, lodgepole pine and balsam. Although the mountain pine beetle (MPB) has impacted the Kootenay Lake TSA, the forests within Huscroft’s operating area contain a high proportion of the Kootenay mix. Consequently, although most harvesting in the audit period was centered on MPB impacted stands, overall there is a relatively low MPB infestation level within the operating areas.

The TSA is characterized by numerous forest-related operating constraints that Huscroft must work around, including domestic and community watersheds, landscape and stand level biodiversity, visual impacts and identified wildlife, among other concerns. As well, over the last few years, new community forests, additions to woodlot licences and revisions to the caribou ‘no harvest’ areas established by the 2002 *Kootenay Boundary Higher Level Plan Order* (KBHLPO) have further constrained the available land base. Typically, Huscroft and other forest licence holders in the area have had increasing difficulty locating available timber to meet their annual allowable cuts.

Huscroft conducts its forest activities in well-defined operating areas within the southeast part of the Kootenay Lake TSA (see map on page 1), centered near the town of Creston. FL A20213 permits Huscroft to harvest 78 644 cubic metres of timber annually. During the audit period of July 1, 2010 to July 29, 2011, Huscroft harvested approximately 73 544 cubic metres.

The Board’s audit fieldwork took place from July 25 to 29, 2011.

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

## Objectives Set by Government

In addition to objectives set by government in the *Forest and Range Practices Act* and related regulations, objectives for forest stewardship in FL A20213 are also directed by the KBHLPO which provides for the creation of resource management zones and objectives. Key aspects of the order include:

- biodiversity emphasis assigned by landscape unit
- retention targets for old and mature timber
- caribou retention zones (revised several times since 2002)
- special management for streams licensed for domestic use
- scenic areas and visual quality objectives (subsequently replaced with 1999 district manager order version)

The KBHLPO has been subject to nine variance orders since 2002, four of which relate to the audit area. The main variances include slight revisions to biodiversity emphasis designations, adjusted targets for old and mature timber and revised caribou 'no harvest' areas.

## Audit Approach and Scope

The Board conducted a full scope compliance audit, which includes all harvesting, roads, silviculture, protection activities, and associated planning, carried out between July 1, 2010, and July 29, 2011. These activities were assessed for compliance with the *Forest and Range Practices Act* (FRPA), the *Wildfire Act* (WA) 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 2011 audit season set out the standards and procedures that were used to carry out this audit.

## Planning and Practices Examined

Huscroft conducts its operational planning under its forest stewardship plan<sup>1</sup> (FSP), which was approved in January 2007. The FSP had been amended six times when the audit took place, mostly to incorporate minor additional areas outside its original forest development units. The FSP and amendments were examined in the audit.

The field activities carried out by Huscroft during the audit period, and therefore subject to audit, were:

- harvesting of 32 cutblocks, 2 of which were active, with a gross area totalling 536 hectares
- construction of 22 kilometres of road, and 1 new bridge
- maintenance of 458 kilometres of road, and 50 bridges
- 2 kilometres of road deactivation
- planting of 23 blocks
- brushing of 3 blocks
- site preparation of 4 blocks

In addition to those field activities, several obligations either became due or were declared as being met during the audit period, and were therefore also subject to audit. These were:

- regeneration obligations due on 14 blocks
- regeneration declared as being met on 10 blocks
- free-growing obligations due and declared as being met on 4 blocks

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<sup>1</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.

The Board audited:

- all 32 harvested blocks, including 2 active blocks for fire preparedness requirements of the WA
- 17 kilometres of road construction, as well as the newly constructed bridge
- 203 kilometres of road maintenance
- 1 kilometre of road deactivation
- 21 of the maintained bridges
- 6 planted blocks
- 3 brushed blocks
- 7 blocks with regeneration obligations due
- 5 blocks where regeneration was declared as being met
- all 4 blocks with free-growing obligations due and declared as being met

## Findings

The audit found that the planning and field activities undertaken by Huscroft complied in all significant respects, with the requirements of FRPA, WA, related regulations and the KBHLPO as of July 2011. However, it also found road maintenance practices to be an area requiring improvement.

### Road Maintenance

Auditors identified three landslides that occurred within the audit period, likely during spring runoff. These slides originated at roads and were associated with fill slope failures. Two landslides resulted from failures of over-steepened road fill material and one landslide resulted when a road failed due to rotting of organic debris that was embedded in the road when it was constructed. Fortunately, in each case, the landslides did not have a serious impact on forest values.

Although it appeared that these roads had been inspected in the past year, the audit found that Huscroft's records of road inspections were incomplete, with only a small portion of prescribed road maintenance documented as having been done. Since all of the landslides were directly related to roads, the audit found Huscroft's system of road monitoring and maintenance practices to be deficient and an area requiring improvement.

### Operational Planning

The audit found that Huscroft incorporated the KBHLPO objectives for seral stage, old growth, wildlife tree retention and connectivity into its FSP. The FSP was found to be consistent with legislated requirements and the KBHLPO. Site plans were evaluated and found to be consistent with the FSP.

## Timber Harvesting

The audit found that overall harvesting practices were good. The following harvesting aspects were the primary ones noted in the fieldwork:

- Mapped streams, including minor watercourses that don't meet the definition of streams, were well protected with wildlife tree patches and other reserved timber.
- Retention of trees was good in blocks. This included well-placed wildlife tree patches, scattered retention of fir, larch and other coniferous timber and retention of most deciduous. The retention strategies outlined in the FSP were followed.
- Soil disturbance limits were met within harvested blocks. Localized soil disturbance was noted on two blocks, but estimated to be well within allowable soil disturbance limits.
- All blocks in areas with assigned visual quality objectives had visual impact assessments completed for them. For the most part, visual quality objectives were met for harvested areas.



*Scattered trees retained in a harvested block near Dodge Creek*

## Road & Bridge Construction, Maintenance and Deactivation

Road and bridge construction, bridge maintenance and road deactivation were all found to be well done, with no significant concerns noted.

For road maintenance, most of the roads examined were in good condition and drainage systems were functioning properly. However, one concern regarding road maintenance was identified and is discussed above.

## Silviculture obligations and activities

There were no significant concerns noted with site preparation, planting, brushing activities, regeneration obligations or free growing obligations during the course of the audit.

## Fire Protection Activities

Huscroft has a current fire preparedness plan. The two active sites audited had sufficient fire tools present as well as a functional water delivery system on site. During the field audit, the fire danger class was moderate (Class 2 or 3).

With respect to fire hazard abatement, Huscroft piled logging debris and disposed of piles by burning in a timely manner.

## Audit Opinion

In my opinion, the operational planning; timber harvesting; road construction, maintenance and deactivation; silviculture; and fire protection activities carried out by J.H. Huscroft Ltd. on Forest Licence A20213 between July 1, 2010, and July 29, 2011, complied in all significant respects with the requirements of the *Forest and Range Practices Act*, the *Wildfire Act* and related regulations, as of July 2011.

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 *Road Maintenance* section of this report, which describes an area requiring improvement.

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(EMSLA)  
Director, Audits

Victoria, British Columbia  
March 23, 2012



# 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. (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 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 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 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.



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