



**Forest
Practices
Board**

Audit of Forest Planning and Practices

*Woodlot Licence W0657
Fort St. James District*

FPB/ARC/141
August 2012

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Board Commentary

In September 2011, the Board conducted a full-scope compliance audit of forest planning and practices on woodlot licence W0657 in the Fort St. James District. This woodlot is located about 35 kilometres north of Fort St. James (see map on page 2).

The audit assessed harvesting practices on two cutting authorities, more than seven kilometres of road activities and obligations, as well as operational planning.

The Board notes serious shortcomings in the licensee's management of its reforestation obligations. In particular, the audit identified significant non-compliances regarding the requirements to:

- prepare a pre-harvest map with specified information;
- ensure reforestation obligations were met within specified timelines; and
- submit annual reporting information.

These non-compliances have a cumulative effect on the overall management of the woodlot licence and result in the inability of the licence holder to ensure that key reforestation obligations are met within required timelines.

Since the audit, the licensee has initiated work on these requirements. The Board requests that the licensee report back to the Board by December 31, 2012, on the progress made in remediating these deficiencies for current and past activities in accordance with regulatory requirements.

The Board also wishes to draw the licence holder's attention to its bulletin #10 entitled "[Woodlot Licences – What's a Woodlot Licensee Required to Do?](#)" as a convenient reminder of key woodlot licence forest practice requirements.

Map of Fort St. James Woodlot Licence W0657



Audit Results

Background

As part of the Forest Practices Board's 2011 compliance audit program, the Board selected the Fort St. James District as the location for a full scope compliance audit. Within the district, the Board selected six woodlot licences for audit. This is the audit report for woodlot licence W0657. Results for the other five woodlot licences are provided in separate audit reports.

The Board randomly selected the Fort St. James District and, from the population of licences within the forest district, noted that woodlot licences had not been audited in recent years. However, while the forest district was selected randomly, the individual woodlot licences were selected based on the level of harvest activity occurring between August 2009 and July 2011, and not on performance or geographic location.

All of the woodlots are located within 35 kilometres of Fort St. James.

In recent years, the mountain pine beetle infestation has had significant impacts in the Fort St. James District, including in most of its woodlots. The district manager substantially increased the annual allowable cuts (AAC) for all of the audited woodlots to enable salvage of beetle-killed pine. In some cases, the AACs were increased retroactively, after harvest levels had already been increased.

Woodlot licence W0657 was awarded in 1997 and has a total area of 656 hectares, of which 596 hectares is Crown land and 60 hectares is private land. The private portion had no activities or obligations subject to audit. The Crown portion is located adjacent to the Germanson-North Road, about 35 kilometres north of Fort St. James. The licence had an initial AAC of 2 208 cubic metres per year. In 2011, the district manager awarded a cut uplift of 13 740 cubic metres. During the two-year audit period,ⁱ the holder of licence W0657 harvested about 23 000 cubic metres of timber.

The Board's audit fieldwork took place from September 19 to 22, 2011.

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



Figure 1 - overview of W0657.

Audit Approach and Scope

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

- operational planning (including woodlot licence plansⁱⁱ and site plans);
- timber harvesting;
- road construction, maintenance and deactivation;
- silviculture activities and obligations; and
- fire fuel hazard management.

Fire prevention practices could not be assessed because there were no active work sites at the time of the audit.

These activities were assessed for compliance with the *Forest and Range Practices Act* (FRPA) and the *Wildfire Act* (WA), and related regulations, in particular, the *Woodlot Licence Planning and Practices Regulation* (WLPPR). All activities, planning and obligations for the period September 1, 2009, to September 22, 2011, were included in the scope of the audit.

The audit work for each woodlot included an evaluation of records and plans, and aerial and ground-based inspections of roads and cutblocks.

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

Planning

The Fort St. James Land and Resource Management Plan, approved by government in 1999, is the only strategic level plan applicable to forest practices in the district. The plan provides guidance for resource management activities, including forest operations, in the audit area. However, there are no specific requirements from this plan that apply to the audited woodlot licences.

Woodlot licence 0657 has an approved woodlot licence plan that covers its licence area. There are no site plans applicable to the audit period.

Practices and Obligations

The auditee did not provide information to auditors on forest practices undertaken in the audit period. Further, the auditee did not report forest activities to the ministry in the same period, as obliged by regulation. Consequently, auditors were unable to determine with adequate assurance what forest practices were carried out, or what obligations were due during the audit period.

However, based on field assessment, harvest billing information and older ministry records for the licence, the auditors determined that the following activities and obligations likely occurred during the audit period:

- harvesting under two cutting permits in several locations within the woodlot area, totaling about 23 000 cubic metres,

- road maintenance on 7.4 kilometres of road under road permit, and
- three blocks where regeneration was due prior to the audit period, but not declared met.

It appears there was no new road construction or road deactivation, no bridge construction or bridge maintenance, and no silviculture activities, including planting and silviculture surveys. It is unknown if any free-growing blocks were due.

In spite of the uncertainty regarding forest activities and obligations, due to its limited size, the auditors were able to assess all current activities within the woodlot using aerial overview and ground verification.

Findings

With the following three exceptions, the audit found that the planning and field activities undertaken by the licence holder complied in all significant respects, with the requirements of FRPA, WA and related regulations, as of September 2011.

Planning

Under FRPA, woodlot licence holders are required to prepare a map of the area to be harvested and identify the biogeoclimatic ecosystem classification and stocking standards for the area. The licensee must retain this information until the area has been reforested and has reached free-growing status. Some woodlot licence holders choose to document this information in site plans. This information is critical to establish the regeneration and free-growing dates applicable to the harvest area.

The audit found that the licence holder had not met this requirement for areas harvested during the audit period. This is considered a significant non-compliance with forest planning requirements.

Obligations

Under FRPA and the WA, woodlot licence holders are responsible for a number of post-harvest obligations. These obligations include:

- timely completion of fire hazard assessments and abatement;
- ensuring that harvested areas are re-stocked with a sufficient number of well-spaced and desirable seedlings within the specified timelines;
- maintenance of roads and bridges;
- ensuring that harvested areas with reforestation obligations meet free-growing specifications; and
- annual submission of information specifying the nature of forest management activities that have been undertaken.

The audit found that no planting or silviculture survey work had been undertaken in the woodlot during the audit period. Further, three blocks where regeneration obligations were due prior to the audit period had not been surveyed and obligations had not been declared met. Neither the licensee nor the ministry were aware of the status of reforestation obligations in the woodlot. This is considered a significant non-compliance with the requirement to meet regeneration obligations.

Annual Reporting

The audit also found that the licence holder was in non-compliance for submission of annual information. These information requirements include area harvested, silviculture activities and achievement of free-growing requirements. When this information is not tracked or submitted, there is a risk that reforestation obligations will not be met. For this reason, this is considered a significant non-compliance with forest practices obligations.

Audit Opinion

In my opinion, with three exceptions, the operational planning; timber harvesting; road construction, maintenance and deactivation; silviculture; and fire protection activities carried out under woodlot licence W0657 between September 1, 2009, and September 22, 2011, complied in all significant respects with the requirements of the *Forest and Range Practices Act*, the *Wildfire Act* and related regulations, as of September 2011. No opinion is provided regarding fire tools and road construction or 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.

As described in the *Planning* section of this report, the audit identified a situation of significant non-compliance related to operational planning.

As described in the *Obligations* section of this report, the audit identified a situation of significant non-compliance related to meeting regeneration obligations.

As described in the *Annual Reporting* section of this report, the audit identified significant non-compliance related to not submitting required annual reports.

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.



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Victoria, British Columbia
May 29, 2012

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 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.

ⁱ The audit period is September 1, 2009 to September 22, 2011

ⁱⁱ Under the *Forest and Range Practices Act* (FRPA), a woodlot licence plan replaces the woodlot forest development plan and site plans. The woodlot licence plan must be consistent with government's objectives for values such as water, soils and cultural heritage resources. The woodlot licence plan must address the entire woodlot licence area and performance requirements such as the obligation to reforest a site after logging, and the requirements set out in the *Woodlot Licence Planning and Practices Regulation 21/2004* (WLPPR). The term of a woodlot licence plan is ten years.



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**Forest
Practices
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Audit of Forest Planning and Practices

*Woodlot Licence W0295
Woodlot Licence W1893
Fort St. James District*

FPB/ARC/142

August 2012

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Board Commentary

In September 2011, the Board conducted a full-scope compliance audit of forest planning and practices on woodlot licences W0295 and W1893 in the Fort St. James District. These woodlots are located within about 35 kilometres of Fort St. James (see map on page 2).

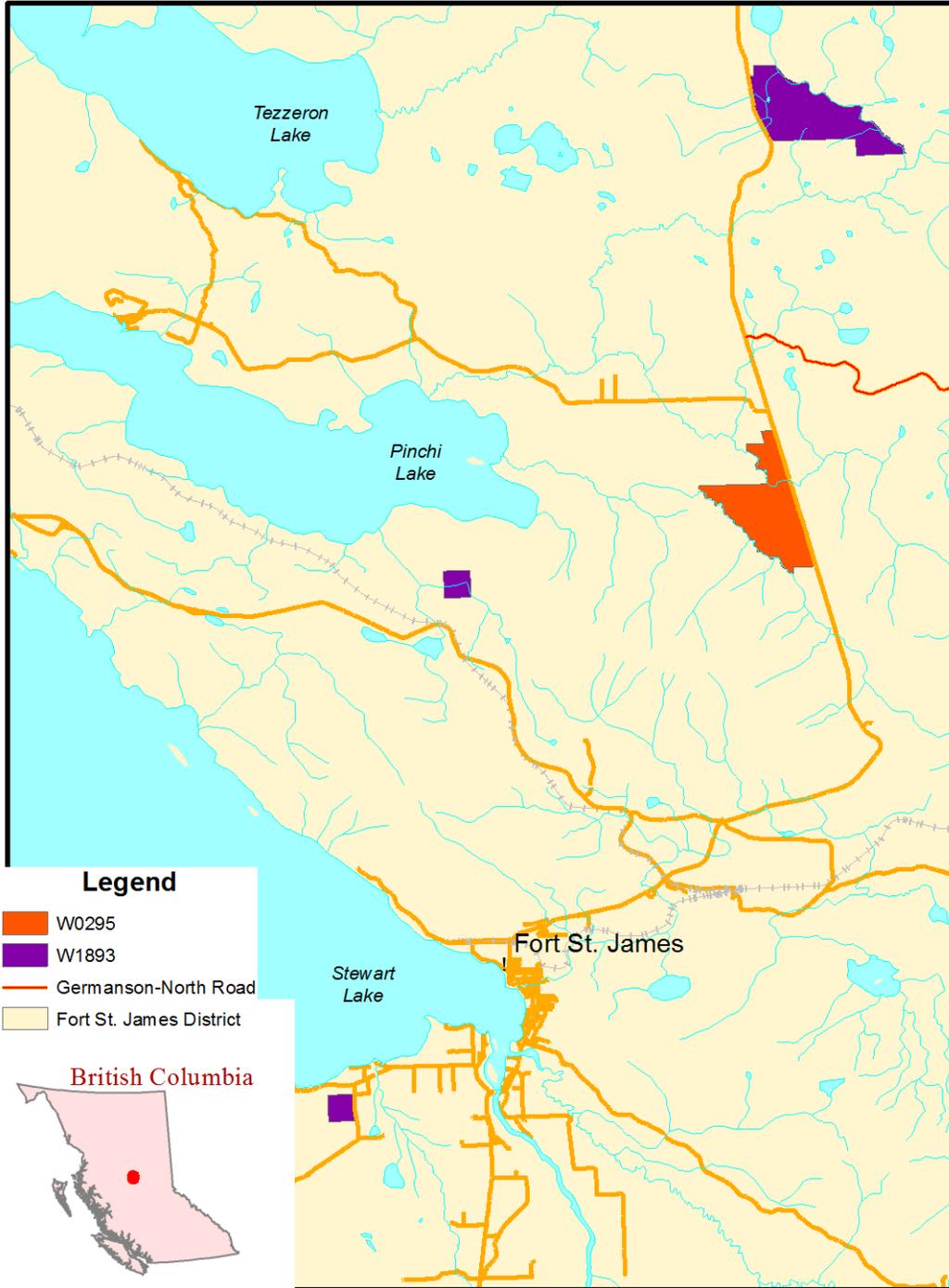
The audit assessed 22 cutblocks, more than 15 kilometres of road activities and obligations, as well as operational planning. The Board notes that, with one exception, the holders of woodlot licences W0295 and W1893 complied with legislative requirements in all significant respects.

However, the audit identified that annual reporting requirements had not been met in both licences. These reports are particularly important because they facilitate tracking of reforestation obligations on these tenures.

Since the audit, both licensees have made progress on these requirements. The Board requests that both licensees report back to the Board by December 31, 2012, on the progress made in reporting required information for current and past activities in accordance with regulatory requirements.

The Board wishes to draw the licence holders' attention to its bulletin #10 entitled "[Woodlot Licences – What's a Woodlot Licensee Required to Do?](#)" as a convenient reminder of key woodlot licence forest practice requirements.

Map of Fort St. James Woodlot Licences W0295, W1893



Audit Results

Background

As part of the Forest Practices Board's 2011 compliance audit program, the Board selected the Fort St. James District as the location for a full scope compliance audit. Within the district, the Board selected six woodlot licences for audit. This is the audit report for woodlot licences W0295 and W1893. Results for the other four woodlot licences are provided in separate audit reports.

The Board randomly selected the Fort St. James District and, from the population of licences within the forest district, noted that woodlot licences had not been audited in recent years. However, while the forest district was selected randomly, the individual woodlot licences were selected based on the level of harvest activity occurring between August 2009 and July 2011, and not on performance or geographic location.

All of the woodlots are located within 35 kilometres of Fort St. James.

In recent years, the mountain pine beetle infestation has had significant impacts in the Fort St. James District, including in most of its woodlots. The district manager substantially increased the annual allowable cuts (AAC) for all of the audited woodlots to enable salvage of beetle-killed pine. In some cases, the AACs were increased retroactively, after harvest levels had already been increased.

Woodlot licence W0295 was awarded in 1996 and has a total area of 598 hectares of Crown land. There is no private land included in this licence. It is located about 20 kilometres north of Fort St. James, adjacent to the Germanson-North Road. The licence had an initial AAC of 1 316 cubic metres per year. In 2008 a cut uplift of 15 000 cubic metres was awarded and in 2010 another uplift of 20 000 cubic metres was awarded. During the two-year audit period,ⁱ the holder of licence W0295 harvested about 23 000 cubic metres of timber.

Woodlot licence W1893 was awarded in 1999 and has a total area of 728 hectares, of which 600 hectares is Crown land and



Figure 1 – southern portion of woodlot 0295.



Figure 2 – southeast portion of woodlot 1893.

128 hectares is private land. The private portion had no activities or obligations subject to audit. The Crown portion is also located adjacent to the Germanson-North Road, about 35 kilometres north of Fort St. James. The licence had an initial AAC of 1 769 cubic metres per year. In 2008 a cut uplift of 15 500 cubic metres was awarded and in 2010 another uplift of 20 000 cubic metres was awarded. During the two-year audit period, the holder of licence W1893 harvested about 21 000 cubic metres of timber.

The Board's audit fieldwork took place on September 19 and 20, 2011.

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

Audit Approach and Scope

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

- operational planning (including woodlot licence plansⁱⁱ and site plans);
- timber harvesting;
- road construction, maintenance and deactivation;
- silviculture activities and obligations; and
- fire fuel hazard management.

Fire prevention practices could not be assessed because there were no active work sites at the time of the audit.

These activities were assessed for compliance with the *Forest and Range Practices Act* (FRPA) and the *Wildfire Act* (WA), and related regulations, in particular, the *Woodlot Licence Planning and Practices Regulation* (WLPPR). All activities, planning and obligations for the period September 1, 2009, to September 20, 2011, were included in the scope of the audit.

The audit work for each woodlot included an evaluation of records and plans, and aerial and ground-based inspections of roads and cutblocks.

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

Planning

The Fort St. James Land and Resource Management Plan, approved by government in 1999, is the only strategic level plan applicable to forest practices in the district. The plan provides guidance for resource management activities, including forest operations, in the audit area. However, there are no specific requirements from this plan that apply to the audited woodlot licences.

Each of the audited woodlot licences has an approved woodlot licence plan that covers its licence area.

Both of the woodlot licences also have site plans for areas harvested during the audit period. This is not a requirement under FRPA.

Practices and Obligations

Field activities and obligations of the two woodlot licences carried out during the audit period were all subject to audit. Auditors examined the following:

	W0295	W1893
Harvested blocks	20 blocks (125 hectares)	2 blocks (105 hectares)
Road construction	6.5 kilometres	3 kilometres
Road maintenance	6.5 kilometres	9 kilometres
Road deactivation	None	None
Bridge construction / maintenance	None	None
Planting	57 hectares	22 hectares
Other silviculture treatments	None	None
Regeneration due blocks	1 block	1 block
Free-growing due blocks	None	None

Findings

The audit found that, with one exception, the planning and field activities undertaken by the two licence holders complied in all significant respects, with the requirements of FRPA, WA and related regulations, as of September 2011.

Obligations

Under FRPA and the WA, woodlot licence holders have a number of post-harvest obligations. These obligations include:

- timely completion of fire hazard assessments and abatement;
- ensuring that harvested areas are re-stocked with a sufficient number of well-spaced and desirable seedlings within the specified timelines;
- maintenance of roads and bridges;
- ensuring that harvested areas with reforestation obligations meet free-growing specifications; and
- annual submission of information specifying the nature of forest management activities that have been undertaken.

On woodlot licences W0295 and W1893, the audit found that the licence holders did not comply with legislated requirements to submit information annually. These information requirements include area harvested, silviculture activities and achievement of free-growing requirements. When this information is not tracked or submitted, there is a risk that reforestation obligations

will not be met, and therefore, this is considered a significant non-compliance with forest practices obligations.

Audit Opinion

In my opinion, with one exception, the operational planning; timber harvesting; road construction, maintenance and deactivation; silviculture; and fire protection activities carried out under woodlot licences W0295 and W1893 between September 1, 2009, and September 20, 2011, complied in all significant respects with the requirements of the *Forest and Range Practices Act*, the *Wildfire Act* and related regulations, as of September 2011. No opinion is provided regarding fire tools and 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.

As described in the *Obligations* section of this report, the audit identified a significant non-compliance relating to the requirement to submit annual reporting information.

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.



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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.

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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.

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Reporting

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ⁱⁱ Under the *Forest and Range Practices Act* (FRPA), a woodlot licence plan replaces the woodlot forest development plan and site plans. The woodlot licence plan must be consistent with government's objectives for values such as water, soils and cultural heritage resources. The woodlot licence plan must address the entire woodlot licence area and performance requirements such as the obligation to reforest a site after logging, and the requirements set out in the *Woodlot Licence Planning and Practices Regulation* 21/2004 (WLPPR). The term of a woodlot licence plan is ten years.



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**Forest
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Audit of Forest Planning and Practices

*Woodlot Licence W1431
Woodlot Licence W1881
Woodlot Licence W1888
Fort St. James District*

FPB/ARC/143

August 2012

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Audit Results

Background

As part of the Forest Practices Board's 2011 compliance audit program, the Board selected the Fort St. James District as the location for a full scope compliance audit. Within the district, the Board selected six woodlot licences for audit. This is the audit report for woodlot licences W1431, W1881 and W1888. Results for the other three woodlot licences are provided in separate audit reports.

The Board randomly selected the Fort St. James District and, from the population of licences within the forest district, noted that woodlot licences had not been audited in recent years. However, while the district was selected randomly, the individual woodlot licences were selected based on the level of harvest activity occurring between August 2009 and July 2011, and not on performance or geographic location.

All of the woodlots are located within 35 kilometres of Fort St. James.

In recent years, the mountain pine beetle infestation has had significant impacts in the Fort St. James District, including in most of its woodlots. The Ministry of Forests, Lands and Natural Resource Operations (MFLNRO) district manager substantially increased the annual allowable cuts (AAC) for all of the audited woodlots to enable salvage of beetle-killed pine. In some cases, the AACs were increased retroactively, after harvest levels had already been increased.

Woodlot licence W1431 was awarded in 2010, and has a total area of 1104 hectares, of which 980 hectares is Crown land and 124 hectares is private land. The private portion had no activities or obligations subject to audit. The Crown portion is located north of Fort St. James adjacent to Mount Pope Provincial Park. The licence had an initial AAC of 2 250 cubic metres per year. In 2010, the district manager awarded a cut uplift of 40 000 cubic metres. During the two-year audit period,ⁱ the holder of woodlot licence W1431 harvested about 104 000 cubic metres of timber.

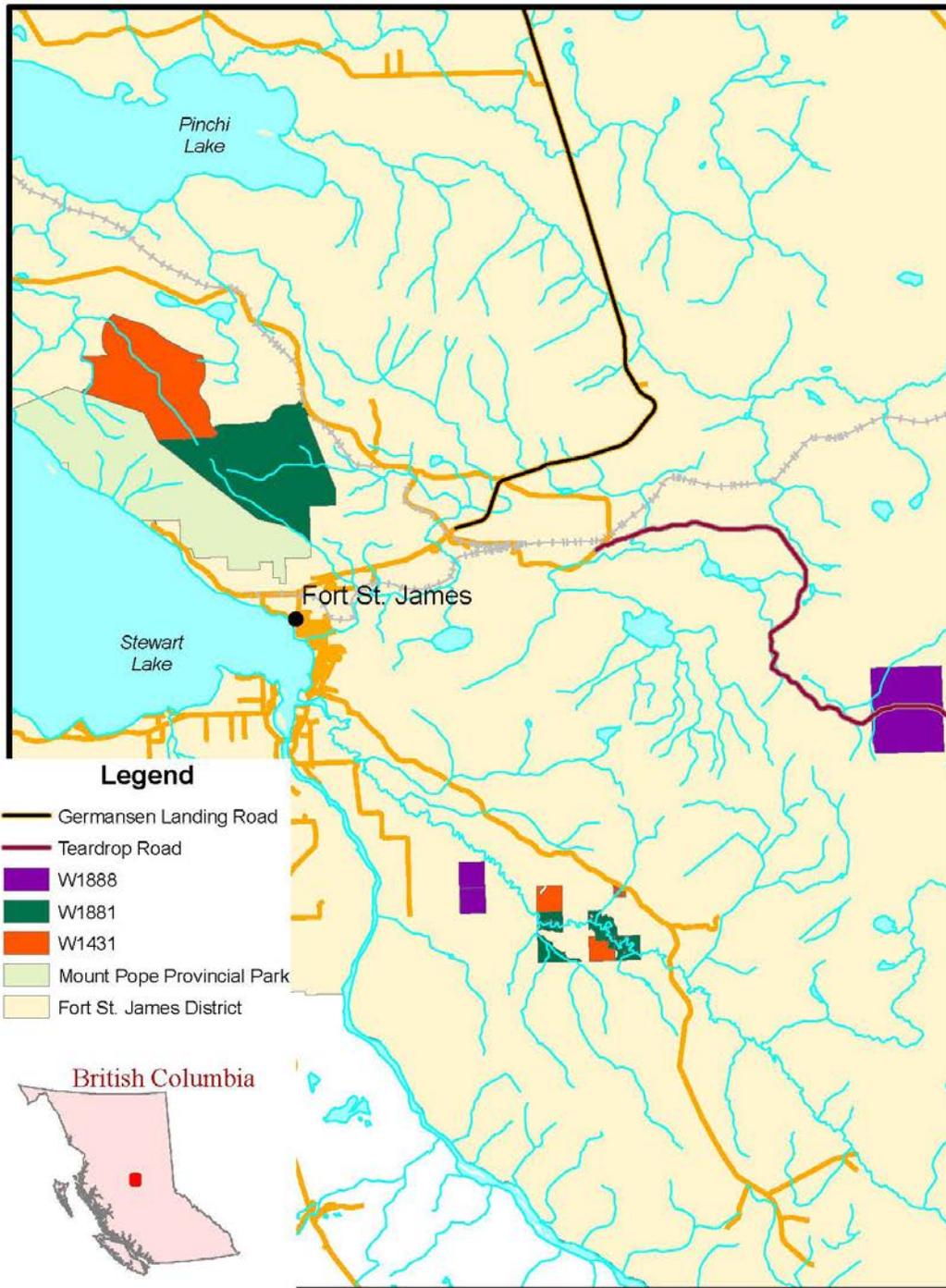


Figure 1 – Aspen retention on Woodlot 1431.



Figure 2 – slash burned and wetlands protected on Woodlot 1881.

Map of Fort St. James Woodlot Licences W1431, W1881, W1888



Woodlot licence W1881 was awarded in 2009, and has a total area of 1383 hectares, of which 1163 hectares is Crown land and 220 hectares is private land. The private portion had no activities or obligations subject to audit. The Crown portion is also located north of Fort St. James adjacent to Mount Pope Provincial Park and W1431. The licence had an initial AAC of 2 733 cubic metres per year. In 2010, the district manager awarded a cut uplift of 20 000 cubic metres. During the two-year audit period, the holder of woodlot licence W1881 harvested about 32 000 cubic metres of timber.



Figure 1 – small cut block on Woodlot 1888.

Woodlot licence W1888 was awarded in 1999, and has a total area of 728 hectares, of which 599 hectares is Crown land and 129 hectares is private land. The private portion had no activities or obligations subject to audit. The Crown portion is located east of Fort St. James, adjacent to the Teardrop Forest Service Road. The licence had an initial AAC of 2 098 cubic metres per year. The district manager awarded a cut uplift of 17 500 cubic metres in 2008, and another 20 000 cubic metres in 2010. During the two-year audit period, the holder of woodlot licence W1881 harvested about 18 000 cubic metres of timber.

The Board's audit fieldwork took place from September 19 to 21, 2011.

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

Audit Approach and Scope

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

- operational planning (including woodlot licence plansⁱⁱ and site plans);
- timber harvesting;
- road construction, maintenance and deactivation;
- silviculture activities and obligations; and
- fire fuel hazard management.

Fire prevention practices could not be assessed because there were no active work sites at the time of the audit.

These activities were assessed for compliance with the *Forest and Range Practices Act* (FRPA) and the *Wildfire Act* (WA), and related regulations, in particular, the *Woodlot Licence Planning and Practices Regulation* (WLPPR). All activities, planning and obligations for the period September 1, 2009, to September 21, 2011, were included in the scope of the audit.

The audit work for each woodlot included an evaluation of records and plans, and aerial and ground-based inspections of roads and cutblocks.

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

Planning

The Fort St. James Land and Resource Management Plan, approved by government in 1999, is the only strategic level plan applicable to forest practices in the district. The plan provides guidance for resource management activities, including forest operations, in the audit area. However, there are no specific requirements from this plan that apply to the audited woodlot licences.

Each of the audited woodlot licences has an approved woodlot licence plan that covers its licence area.

Each of the three woodlot licences also has site plans for areas harvested during the audit period. This is not a requirement under FRPA.

Practices and Obligations

All field activities and obligations of the three woodlot licences that were carried out during the audit period were subject to audit, including:

	W1431	W1881	W1888
Harvested blocks	6 blocks (273 hectares)	2 blocks (105 hectares)	23 blocks (79 hectares)
Road construction	12 kilometres	3 kilometres	0.3 kilometres
Road maintenance	12 kilometres	9 kilometres	15 kilometres
Road deactivation	5 kilometres	None	None
Bridge construction / maintenance	No new bridges / One log culvert	No new bridges / One log culvert	None / None
Planting	145 hectares	105 hectares	61 hectares
Other silviculture treatments	None	None	None
Regeneration due blocks	None	None	None
Free-growing due blocks	None	None	None

All of these activities and obligations were audited and no concerns were noted.

Audit Opinion

In my opinion, the operational planning; timber harvesting; road construction, maintenance and deactivation; silviculture; and fire protection activities carried out under woodlot licences W1431, W1881 and W1888 between September 1, 2009, and September 21, 2011, complied in all significant respects with the requirements of the *Forest and Range Practices Act*, the *Wildfire Act* and related regulations, as of September 2011. No opinion is provided regarding fire tools. For woodlot licences W1881 and W1888, no opinion is provided for 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.

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
May 29, 2012

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 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.

ⁱ The audit period is September 1, 2009 to September 21, 2011

ⁱⁱ Under the *Forest and Range Practices Act* (FRPA), a woodlot licence plan replaces the woodlot forest development plan and site plans. The woodlot licence plan must be consistent with government's objectives for values such as water, soils and cultural heritage resources. The woodlot licence plan must address the entire woodlot licence area and performance requirements such as the obligation to reforest a site after logging, and the requirements set out in the *Woodlot Licence Planning and Practices Regulation* 21/2004 (WLPPR). The term of a woodlot licence plan is ten years.



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