



**Forest
Practices
Board**

Audit of Forest Planning and Practices

*West Fraser Mills Limited
Forest Licence A18694*

FPB/ARC/146
November 2012

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Audit Results

Background

As part of its 2012 compliance audit program, the Forest Practices Board selected West Fraser Mills Limited's (West Fraser) Forest Licence (FL) A18694 for audit. In 2010, West Fraser purchased this licence from another licensee. Only West Fraser's activities and obligations under FL A18694 are included in this audit.

West Fraser administers this licence from its 100 Mile House office. The licence has two operating areas within the Kamloops Timber Supply Area. One operating area is located east of Bonaparte Lake and west of Highway 5, between Logan Lake and Clearwater. The terrain in this area is mostly flat to rolling, with the predominant tree species being lodgepole pine. The other operating area is north of Vavenby and the terrain is more mountainous, with a mix of cedar-hemlock and Douglas-fir forest on mid slopes of the mountains and spruce/pine in the upper elevations. A map showing the audit areas appears on page 2.

West Fraser harvested over 540 000 cubic metres during the two-year audit period. Although some green wood was harvested, the harvesting was predominantly aimed at salvaging lodgepole pine trees attacked by the mountain pine beetle.

A professional forester, a professional forester/agrologist, a professional engineer and a chartered accountant made up the audit team. Field work was carried out from July 23 to 27, 2012.

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



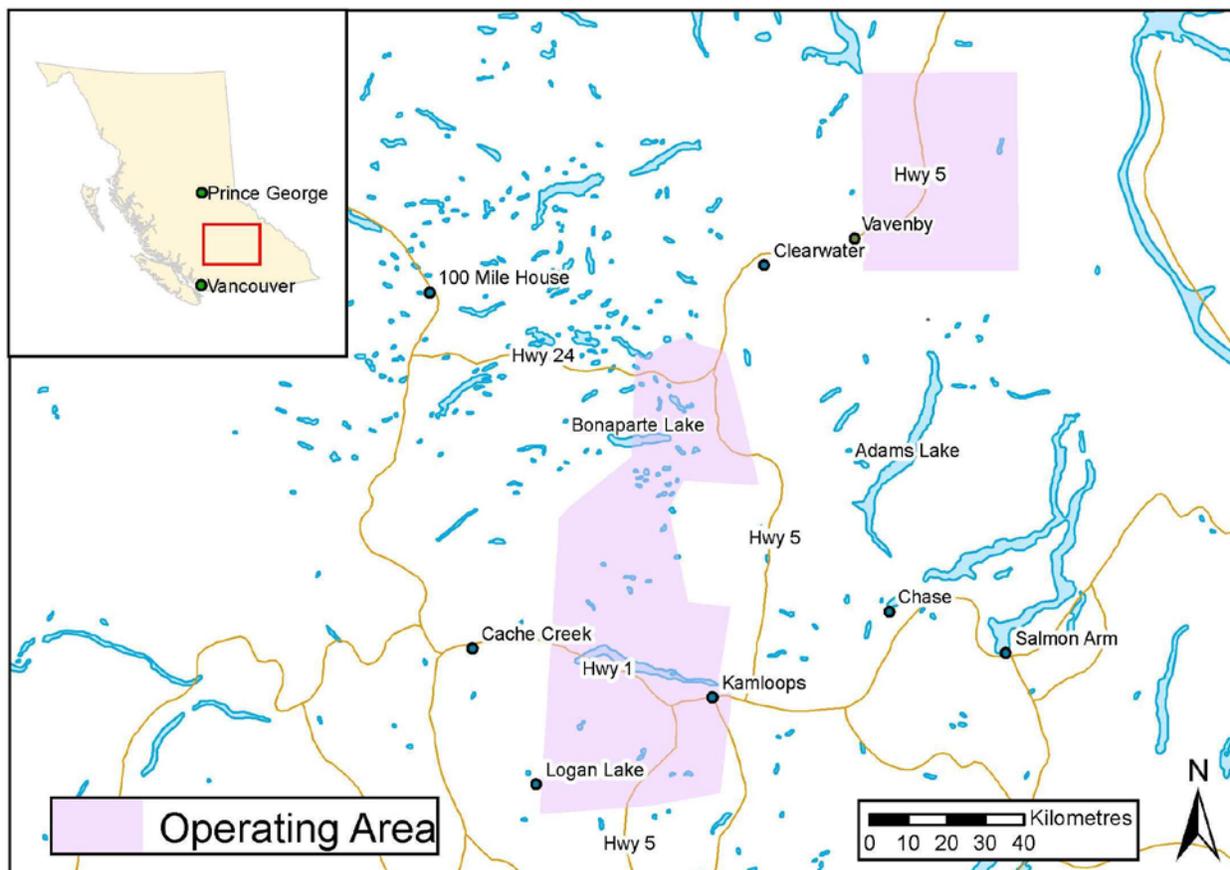
A cutblock on the south shore of Bonaparte Lake, shows typical forest practices in the licence.

Audit Approach and Scope

The Board conducted a full scope compliance audit, in which all harvesting, roads, silviculture, protection activities and associated planning activities carried out between July 1, 2010, and July 27, 2012, were included in the audit. These activities, and associated planning, were assessed for compliance with the *Forest and Range Practices Act* (FRPA) and the *Wildfire Act* (WA), and related regulations.

The Board's Compliance Audit Reference Manual, Version 6.0, May 2003, and the addendum to the manual for the 2012 audit season set out the standards and procedures that were used to carry out this audit.

A18694 Operating Area



Planning and Practices Examined

Operational Planning

West Fraser' activities on this forest licence are subject to the Kamloops Land and Resource Management Plan (KLRMP), which provides legal requirements and direction from government on how to manage public lands and resources within the plan area.

In January 2010, West Fraser amended the former licensee's 2007–2012 forest stewardship plan¹ (FSP) to make it their own. In May 2012, the plan was extended to 2017.

The FSP and stand level plans (site plans) were examined by the audit team to ensure that they were consistent with legislated requirements. Site plans were also evaluated to ensure that they accurately identified site conditions observed on harvesting, road and silviculture field sample sites.

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.

Timber Harvesting

Seventy-one cutblocks covering 3370 hectares were harvested during the audit period and 27 cutblocks totalling 1776 hectares were sampled as part of the audit.

Road Construction, Maintenance, Deactivation

West Fraser is responsible for maintaining approximately 1600 kilometres of road, of which auditors examined 191 kilometres. The licensee also built 93 kilometres of new road, of which the Board examined 46 kilometres. The Board also examined 6 of the 10 kilometers of road that West Fraser deactivated during the audit period.

West Fraser built 4 new bridges and removed 1 of those during the audit period. The Board examined all 4 bridge sites. West Fraser was responsible for maintenance on 7 road permit bridges. West Fraser is also responsible for surface maintenance on 28 bridges and 1 major culvert on forest service roads. The Board examined 20 bridges and the 1 major culvert for West Fraser's road maintenance obligations.

Silviculture Activities and Obligations

West Fraser planted 31 cutblocks during the audit period. Auditors examined 4 of those cutblocks in the field and reviewed all 31 for compliance with the *Chief Foresters Standards for Seed Use*. The Board examined 7 of 34 cutblocks that West Fraser site prepared and 4 of 12 cutblocks that West Fraser brushed.

The Board examined 23 of 77 cutblocks for the obligation to regenerate the stand within the required time frame and 32 of 136 cutblocks for the obligation to meet the free-growing stocking standard.

Fire Protection

Hazard assessment and abatement obligations and activities were examined on 25 cutblocks in conjunction with harvest auditing. Two active harvest sites and the 1 active brushing site were examined for fire tools and water delivery systems. West Fraser's fire preparedness plan was reviewed and checked for contact information.

Findings

The audit found the planning and forest activities undertaken by West Fraser on FL A18694 complied in all significant respects with the requirements of FRPA, WA and related regulations, as of July 2012.

Operational Planning

The FSP was consistent with legislated requirements. Planning at the landscape and stand levels was consistent with the FSP, the KLRMP and legal requirements.

West Fraser's site plans were consistent with its FSP, met FRPA requirements, and were consistent with KLRMP objectives. Older site plans, prepared by the previous licensee, met the

legislated requirements. Newer site plans, prepared by West Fraser, were more detailed in both the map and the site plan document. The site plans show the commitments made by West Fraser in its FSP and show how the site plan addresses the FSP commitments.

Timber Harvesting

West Fraser appears to have good control over its harvest practices. Harvested cutblocks matched the site plan maps and documents. Most areas were logged under soil conditions that minimized soil disturbance. Roadside work areas were kept to a minimum. Temporary roads were deactivated as required to maintain natural drainage patterns or as required by FSP commitments. Wildlife tree patches, machine-free zones, and stubbed management zones protected sensitive resource features such as culturally modified trees, fences, streams, wetlands, lakes and trails.

Road Construction, Maintenance and Deactivation

No concerns were identified with road construction, maintenance or deactivation. Roads were stable and stream crossings were well maintained and in good condition. Roads were well marked, visibility was good and all culverts were identified with markers. West Fraser maintains comprehensive records and systematic tracking procedures for road and structure maintenance.

Silviculture Activities and Obligations

No concerns were noted with silviculture activities and obligations. A few minor issues with reporting activities and regeneration delay were noted; however these anomalies occurred during the licence transition phase, and West Fraser is actively managing the concerns. West Fraser met all its free-growing obligations.

Fire Protection Activities

No concerns were identified with respect to hazard assessment and abatement. Fire hazard was assessed at the completion of harvesting and slash was either piled or piled and burned on all blocks. The active operations had adequate fire tools.

Audit Opinion

In my opinion, the operational planning; timber harvesting; road construction, maintenance and deactivation; silviculture; and fire protection activities carried out by West Fraser Mills Limited on Forest Licence A18694 between July 1, 2010, and July 27, 2012, complied in all significant respects with the requirements of the *Forest and Range Practices Act*, the *Wildfire Act* and related regulations as of July 2012.

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.



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Director, Audits

Victoria, British Columbia
November 5, 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 Canadian 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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