



**Forest
Practices
Board**

Audit of Forest Planning and Practices

*Valemount Community Forest Company Ltd.
Community Forest Agreement K2T*

FPB/ARC/148

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Audit Results

Background

As part of its 2012 compliance audit program, the Forest Practices Board selected community forest agreement K2T, held by the Valemount Community Forest Company Ltd. (VCFC) for audit. Community forest agreement K2T surrounds the Village of Valemount, which lies in the Robson Valley, about 300 kilometres southeast of Prince George. A map of the community forest appears on page 2.

The VCFC harvested approximately 250 000 cubic metres of timber during the two-year audit period. Harvesting was focused on salvaging lodgepole pine trees affected by the mountain pine beetle.

Two professional foresters and a chartered accountant made up the audit team. Field work was carried out from September 24 to 27, 2012.

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



Overlooking the Canoe Reach of Kinbasket Lake towards Valemount.

Audit Approach and Scope

The Board conducted a full scope compliance audit in which all harvesting, roads, silviculture, protection activities and associated planning done between September 1, 2010, and September 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.

Planning and Practices Examined

Operational Planning

The 1999 Robson Valley Land and Resource Management Plan (LRMP) includes the Community Forest Agreement area. The LRMP was developed through a local planning process and it provides broad direction for the sustainable use of Crown land and resources in the Robson Valley area. The plan balances economic, ecological, spiritual, recreational and cultural interests. LRMP objectives have been established for access management, biodiversity, First

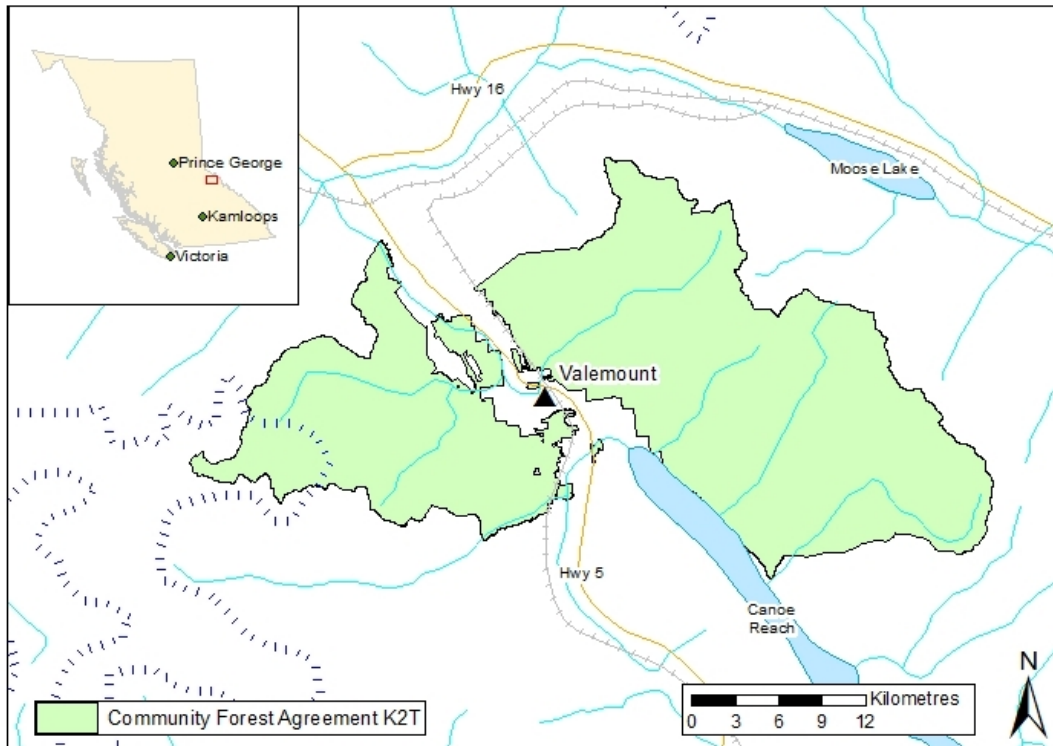
Nations and sustainability, among other things. Although these land use objectives are not legal requirements, the VCFC has committed to following them.

VCFCs planned activities are detailed in its 2008-2013 forest stewardship plan (FSP).¹ Auditors examined the FSP and stand level plans (site plans) to ensure they were consistent with legislated requirements. Site plans were also evaluated through harvesting, road and silviculture field sampling to ensure they accurately identified site conditions.

Timber Harvesting

VCFC harvested 57 cutblocks covering 1915 hectares during the audit period, and auditors examined 41 of those cutblocks totalling 1638 hectares.

Valemount Community Forest Agreement K2T



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.

Road Construction, Maintenance, Deactivation

VCFC built, maintained and deactivated both road permit roads and roads within cutblocks. A summary of the roads built, maintained and deactivated during the audit period is included in Table 1.

Road Activity		Length (km)	Sampled by auditors (km)
Road Permit Roads	Construction	23.1	16.5
	Maintenance	133.6	86.8
	Deactivation	3.0	0.42
In-block roads	Construction	63.4	48.9
	Deactivation	23.7	17.3

Table 1. Summary of road activities.

VCFC was responsible for maintaining seven bridges during the audit period and auditors examined six of them. No new structures were built during the audit period.

Silviculture Activities and Obligations

VCFC planted 1.44 million seedlings in 68 harvest blocks during the audit period. Auditors examined 41 of those blocks in conjunction with harvest auditing. Harvesting began in 2009 and there are no silvicultural obligations due yet.

Fire Protection

Hazard assessment and abatement activities were examined on 55 cutblocks during harvest auditing. Auditors encountered four active sites in the field and assessed the fire preparedness of those operations.

Findings

The audit found the planning and forest activities undertaken by VCFC complied in all significant respects with the requirements of FRPA, WA and related regulations, as of September 2012.

Operational Planning

The nature of any community forest means that residents will be interested in and aware of any forestry activities, so proactive communication with the community is critical. To that end, VCFC publishes an annual newsletter and distributes it to each mailbox in the area. The annual update covers all aspects of the operation including harvesting, forest health, silviculture, local manufacturing initiatives, employment statistics, and future directions. VCFC also holds an annual general meeting each year, advertised in advance and open to the public. Monthly board meetings are also open to the public. Periodically, VCFC holds public meetings for block-specific

plans, usually by invitation to specific residents and interested parties who will be affected by proposed activities.

Planning at the landscape and stand levels was consistent with the FSP and legal requirements. The FSP reflected FRPA objectives and was consistent with the Robson Valley LRMP. VCFC addressed site specific resources in the site plans by accurately identifying and prescribing practices for resource features, including streams and wetlands, the Swift Creek Community Watershed, visually sensitive areas and cultural or heritage sites. No concerns with operational planning were identified.

Timber Harvesting

Government temporarily increased VCFCs allowable annual cut (AAC) to 190 000 cubic metres to address the mountain pine beetle infestation, and harvesting in the past two years has focused on affected lodgepole pine stands. VCFC has made efforts to retain other species within cutblocks where possible to provide future harvest opportunities. The AAC will drop to 33 000 cubic metres after December 2012 and harvesting activity will be dramatically reduced.

Harvesting practices were consistent with site level plans. Soil disturbance was within FRPA limits and natural drainage patterns were maintained. Wildlife tree patches were preserved as planned and were situated to protect forest resources such as streams. Fuel management activities near homes and harvesting in the Swift Creek Community Watershed had the potential to be controversial, however VCFC was proactive in its communication with local residents. Local landowners have been involved in harvesting some of these sites.

No harvesting issues were identified and activities complied with legislated requirements.

Road Construction, Maintenance and Deactivation

Being so close to Valemount, the community forest agreement area has a well-developed road network and about two-thirds of the road permit construction during the audit period was actually reconstruction of old access roads. Some of these old roads were designed and built to accommodate different equipment than is used today. VCFC has managed this situation by relocating particularly difficult road sections and working with its contractors to overcome operational challenges.

Over its first three years of operations, VCFC assumed responsibility for most of the main logging roads within the community forest agreement area. The result is that VCFC is responsible for maintaining roads and bridges that it has not yet used. Roads that are not actively being used for industrial purposes are classified as "wilderness roads."

On one such wilderness road—the Dave Henry—three slides occurred along a 750-metre section of road that has not been used by VCFC. The slides started at the road but there was no evidence of adverse environmental impacts on the stream below. This demonstrates the risk in taking over an old section of road that may have stability issues and may require significant repairs. In a similar situation, VCFC assumed responsibility for the Yellowjacket Road and four bridges from another licensee. Unfortunately, VCFC was unable to obtain any plans or inspections for those structures. Those documents would certainly help VCFC to understand what liability it may be assuming, and to develop a plan to manage risk on the road.

All road construction, deactivation, maintenance and bridge maintenance activities carried out by VCFC complied with legislated requirements. The two wilderness road examples above are mentioned to stress the importance of any licensee being diligent and fully understanding its obligations when assuming responsibility for roads.

Silviculture Activities and Obligations

The only silviculture activity in the audit period was planting. VCFC reforests promptly—blocks harvested in the winter are planted in the spring and blocks harvested in the summer are planted the following year. The planting program met the Chief Foresters Standards for Seed Use and no concerns were identified.

Fire Protection Activities

No concerns were identified with respect to hazard assessment and abatement. Slash was either piled, or piled and burned, on all blocks, unless the block was currently active. Logging contractors at the four active operations were adequately prepared for a fire with sufficient equipment and no concerns were identified.

Audit Opinion

In my opinion, the operational planning; timber harvesting; road construction, maintenance and deactivation; silviculture; and fire protection activities carried out by the Valemound Community Forest Company Ltd. on community forest agreement K2T between September 1, 2010, and September 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 September 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 22, 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.

Selection of Auditees

The Board conducts about 8 or 9 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 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 2010, the Board randomly selected the Mackenzie district as a location for an audit. After assessing the activities within that area, we discovered that a large licensee 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, and we knew that some of the licence area is very remote, the new licence holder was selected for audit.

For BCTS audits, a 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 fieldwork 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 week in the field.

Evaluating the Results

The Board recognizes that compliance with the many requirements of 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 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 draft report from the auditor 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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