

**Audit of Forest Planning and Practices
Northern Nlaka'pamux Forestry Resources Ltd.**

Non-Replaceable Forest Licence A73168



FPB/ARC/72

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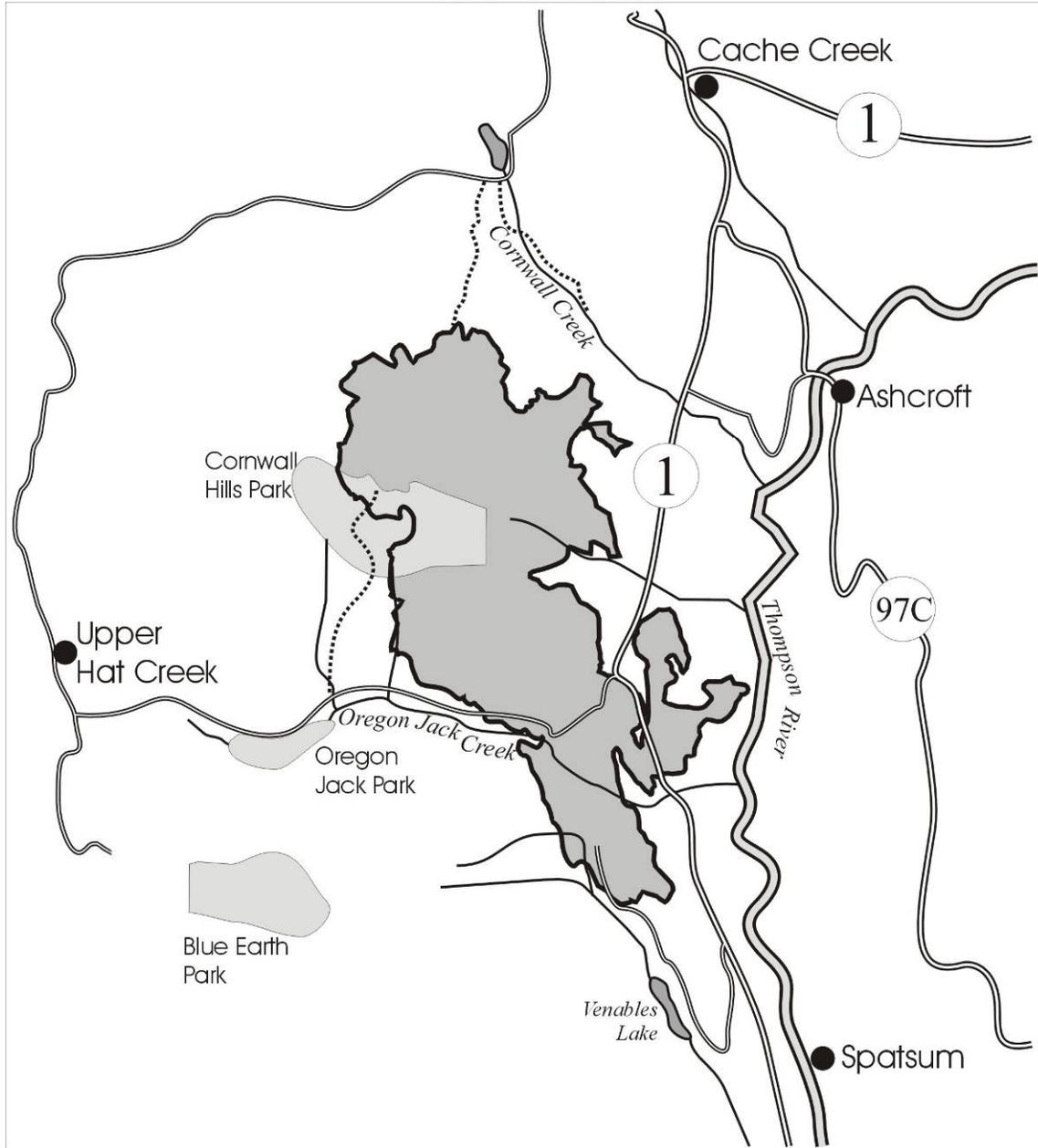
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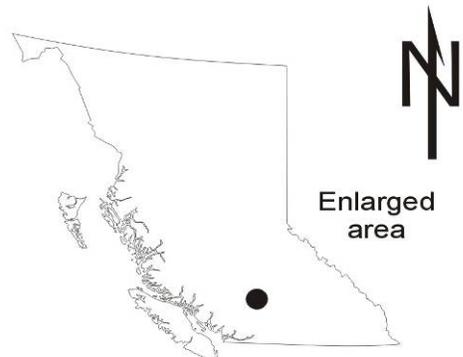
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**Audit of
Northern Nlaka'pamux Forestry Ltd.
NRFL A73168**



-  Highway
 -  Side Road
 -  Dirt Road
 -  NRFLA73168
 -  Provincial Park
 -  Stream
- (Map not to scale)



Executive Summary

As part of our compliance audit program, the Board randomly selects from the many small forest licences, such as non-replaceable forest licences, community forest agreements, etc. that are issued by government. These licences are audited for compliance with forest practices legislation—the *Forest Practices Code of British Columbia Act*, the *Forest and Range Practices Act*, and related regulations.

These small licences are a growing trend in BC's forest sector, with the implementation of the 20 percent tenure take-back policy by the provincial government. Many of these small licence holders are new to the forest sector. As a result, the Board is directing some of its audit resources to examining these new tenures, and assessing their ability to meet stewardship obligations, while being sensitive to the small-scale of their operations.

Another strategic priority for the Board is addressing issues of public interest, including the salvage of trees damaged in the many forest fires that occurred in recent years. The need for quick salvage of fire-damaged wood must not compromise the standards of sound forest management.

This audit report touches on both of these issues. It reports the results of a 2005 Forest Practices Board compliance audit of non-replaceable forest licence A73168, held by Northern Nlaka'pamux Forestry Resources Ltd. The licence permits the salvage of burned timber from the Venables fire southwest of Ashcroft (see map on page 1), within the Kamloops timber supply area.

Time is of the essence when salvaging timber from wildfire areas, as burned and dead timber can deteriorate quickly, and lose its value. The Board is pleased that Northern Nlaka'pamux Forestry Resources Ltd. and its contractors complied with legal requirements for planning and forest practices, while moving quickly to take advantage of the opportunity to harvest fire-damaged timber.

Audit Results

Background

As part of the Forest Practices Board's 2005 compliance audit program, the Board selected non-replaceable forest licence A73168ⁱ for audit. The licence, held by Northern Nlaka'pamux Forestry Resources Ltd. (NNFR), based in Lytton, BC, was selected randomly, and not on the basis of location or past performance. Information on the Board's compliance audit process is provided on page 8.

Forest Licence A73168 is a volume-based licence, located in the Kamloops Forest District, and covers the Crown land portion of the 2003 Venables wildfire area. NNFR successfully applied to the Ministry of Forestsⁱ for a forest licence to harvest fire-damaged timber from the wildfire area. The forest licence permits the harvest of up to 100,000 cubic metres of timber over a three-year period.



The Venables fire area is located southwest of Ashcroft, primarily on the west side of the Trans-Canada Highway. The fire burned 7,636 hectares of Crown and private land, in Cornwall Hills Provincial Park, and First Nations reserve land. The fire burned actively until mid-November 2003, but the Ministry of Forests started rehabilitation work in the burn area on September 16, 2003. Rehabilitation work included stabilizing and re-vegetating

ⁱ In June 2005, the name of the ministry was changed to the Ministry of Forests and Range.

excavated sites and restoring natural drainages along approximately 150 kilometres of fireguards.² Since Cornwall Hills Provincial Park is located in the upper elevations of the fire area, priority was given to deactivating fireguards and trails in the park. Rehabilitation work continued at lower elevations until mid-November, before snowfall.

NNFR was awarded the licence and prepared a forest development plan³ (FDP) for the licence area. The plan was approved in accordance with the expedited major salvage provisions of the *Forest Practices Code of British Columbia Act* (the Code). These provisions shortened the required period for public review and comment from the usual 60 days to 10 days. NNFR's 2004-2007 FDP was approved on January 20, 2004, and harvesting began soon after.

The Board's audit fieldwork took place during the week of May 9, 2005. At that time, harvesting was nearly complete on the Venables fire area.

Higher Level Plans

The Kamloops Land and Resource Management Plan (KLRMP) was approved by government in January 1996. The forest licence lies within the KLRMP planning area. The KLRMP has been declared a higher level plan⁴ by government, and the licensee has strategies to comply with its requirements. In addition, the forest development plan commits to following the direction provided by the KLRMP, in areas such as the need for archeological and pest incidence surveys, refraining from harvesting undamaged trees in old growth management areas, and sensitivity to recreational users of the land.

Audit Approach and Scope

The audit examined NNFR's planning; field activities and obligations in the areas of operational planning (including forest development plans and site plans⁵); timber harvesting; road construction, maintenance and deactivation; silviculture; and fire protection. These activities were assessed for compliance with the Code and the *Forest and Range Practices Act* (FRPA).⁶ All activities, planning and obligations for the period May 1, 2004, to May 11, 2005, were included in the scope of the audit.

The Board's audit reference manual, *Compliance Audit Reference Manual, Version 6.0, May 2003* and the addendum to the manual for the 2005 audit season set out the standards and procedures that were used to carry out this audit.

Planning and Practices Examined

Activities for the Venables fire area were planned and approved under the Northern Nlaka'pamux Forestry Resources Ltd. NRFL A73168, Forest Development Plan 2004-2007. The NNFR FDP met commitments to the objectives of the KLRMP.

Nine cutblocks were harvested on the Venables fire under the forest licence. The Board audited all nine cutblocks.

To access burned timber, the licensee constructed new roads and NNFR entered into road-use agreements with a major licensee and private land owners to use certain pre-existing roads. NNFR built 21.6 kilometres of road, and maintained 38.1 kilometres of road. While no permanent roads were deactivated, NNFR rehabilitated 20.4 kilometres of temporary access structures. NNFR made provision for all-terrain-vehicle access to the majority of the temporary access structures and, consequently, the sites were not fully rehabilitated. As access is required for tree planting and silviculture assessment, this level of rehabilitation is considered adequate and appropriate. The Board audited all of the road construction, 34.3 kilometers (90 percent) of the road maintenance and all of the temporary access structure rehabilitation.

The majority of harvesting had only been recently completed, thus no silvicultural activities such as site preparation or tree planting had taken place. As a result, the Board was unable to audit silvicultural activities and obligations.

Fire preparedness and practices were also audited. However, no operations were underway on the day of the Auditor's visit; consequently, auditors could not perform fire tool inspections. Under the *Wildfire Regulation*, licensees are responsible for submitting contact names and numbers to the Kamloops fire centre, and this was audited.

Audit Opinion

In my opinion, the operational planning; timber harvesting; road construction, maintenance and deactivation; and fire protection planning carried out by Northern Nlaka'mux Forestry Resources Ltd. on non-replaceable forest licence A73168 from May 1, 2004, to May 11, 2005, complied in all significant respects with the requirements of the *Forest Practices Code of British Columbia Act*, the *Forest and Range Practices Act*, and related regulations, as of May 2005. No opinion is provided regarding silviculture activities or fire protection activities in the field.

In reference to compliance, the term "in all significant respects" recognizes that there may be minor instances of non-compliance that either may not be detected by the audit, or that are detected but not considered worthy of inclusion in the audit report.

The "Audit Approach and Scope" and the "Planning and Practices Examined" sections of this report describe the basis of the audit work performed in reaching the above conclusion. The audit was conducted in accordance with the auditing standards of the Forest Practices Board. Such an audit includes examining sufficient forest planning and practices to support an overall evaluation of compliance with the Code and FRPA.



Christopher R. Mosher CA, CEA(SFM)
Director, Audits
June 28, 2005

¹ A license to cut timber that is not renewable. In this case, the license permitted 100,000 cubic metres to be harvested over a three year period.

² The Forest Practices Board examined the rehabilitation work performed on this fire, and others. The results are documented in a report entitled "Post Fire Site Rehabilitation:Final Report", issued February 14, 2005.

³ A forest development plan is an operational plan that provides the public and government agencies with information about the location of proposed roads and cutblocks for harvesting timber over a period of at least five years. The plan must specify measures that will be carried out to protect certain forest resources prescribed by regulation. It must also be consistent with any higher level plans. Site-specific plans are required to be consistent with the forest development plan.

⁴ A higher level plan is a forest resource management objective that is established as legally binding by a written order. The objective applies to a resource management zone, landscape unit, sensitive area, recreation site, recreation trail, or interpretive forest site.

⁵ A site plan is a site-specific plan that is required in place of a silviculture prescription as of December 17, 2002, except where there is already an existing silviculture prescription. The site plan contains many of the same elements as a silviculture prescription and is designed to identify resource values and define what a free-growing stand will be on that site. However, it is not an operational plan under the Code and does not require review or approval by government to be implemented.

⁶ Most of the *Forest Practices Code of British Columbia Act* (the Code) was repealed on January 31, 2004 and replaced with the *Forest and Range Practices Act* (FRPA). The transitional provisions of FRPA state that the Code continues to apply to forest practices carried out under a forest development plan. This continues until there is an approved forest stewardship plan, at which point, the requirements of FRPA apply. Therefore, although FRPA came into effect prior to the audit period, the legislated forest practices requirements that applied to the auditee were the requirements of the Code.

Appendix 1: Forest Practices Board Compliance Audit Process

Background

The Forest Practices Board conducts audits of government and agreement-holders for compliance with the *Forest Practices and Range Practices Act* (FRPA). The Board has the authority to conduct these periodic independent audits under section 122(1) of FRPA. Compliance audits examine forest planning and practices to determine whether or not they meet FRPA requirements.

Most of the *Forest Practices Code of British Columbia Act* (the Code) was repealed on January 31, 2004, and replaced with FRPA. 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 stewardship plan, at which point the requirements of FRPA apply.

The Board audits agreement holders who have forest licences or other tenures under the *Forest Act* or the *Range Act*. The Board also audits government's British Columbia Timber Sales (BCTS) program. Selection for audit, of both areas and licensees or agreement-holders to be audited, is made randomly to ensure a fair, unbiased selection.

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 audits determine compliance with the Code and FRPA, based on criteria derived from those Acts and related regulations. The criteria reflect judgments about the level of performance that constitutes compliance with each requirement

The standards and procedures for compliance audits are described in the Board's *Compliance Audit Reference Manual*.

Audit Process

Conducting the Audit

Once the Board randomly selects an audit licensee and area, 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 and FRPA 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 and FRPA requirements.

Not significant non-compliance—where the auditor, upon reaching a non-compliance conclusion, determines that one or more non-compliance event(s) is not significant and not worthy of reporting. Therefore, this category of events will not be included in audit reports.

Significant non-compliance—where the auditor determines a non-compliance event(s) or condition(s) is or has the potential to be significant, and is considered worthy of reporting.

Significant breach—where the auditor finds that significant harm has occurred, or is beginning to occur, to persons or the environment as a result of one or many non-compliance events. If it is determined that a significant breach has occurred, the auditor is required by the *Forest Practices Board Regulation* to immediately advise the Board, the party being audited, and the Minister of Forests.

Reporting

Based on the above evaluation, the auditor then prepares a draft audit report. The party being audited is given a copy of the draft 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. 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.