

ENFORCEMENT AUDIT REFERENCE MANUAL

Version 1.0



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Table of Contents

PART I - GENERAL

1000	Introduction.....	1
2000	Audit Guidance	5
3000	Reporting.....	29
4000	Technical Standards	35

PART I - GENERAL

Table of Contents

1000	Introduction.....	1
1100	Overview	1
1200	Forest Practices Board responsibilities	2
1300	Forest Practices Board audit responsibilities	3
	1310 Audit program.....	3
	1320 Enforcement audit selection	4
1400	Professional judgment.....	4
1500	Conflict with statutes	4
2000	Audit Guidance	5
2100	Overview of Enforcement Auditing.....	5
	2110 Criteria of Appropriate Enforcement.....	6
	2120 Audit Scope	6
	2130 Features of the enforcement audit program	7
	2140 Audit Unit.....	7
	2150 Site Validations.....	8
2200	Auditor knowledge and responsibilities	8
	2210 Knowledge.....	8
	2220 Use of specialists	8
	2230 Auditors' responsibilities	9
2300	Audit organization	11
	2310 FPB/Auditee relationships	11
	2320 Specific responsibilities	11
	2330 Audit supervision and review.....	16

2400	Overview of the audit process	17
	2410 <i>Planning phase.....</i>	17
	2420 <i>Conduct of the field audit phase.....</i>	20
	2430 <i>Audit timelines.....</i>	22
2500	Audit sampling	23
2600	Audit risk.....	24
2700	Audit evidence.....	25
	2710 <i>Obtaining audit evidence.....</i>	25
	2720 <i>Documentation</i>	26
2800	The assessment of appropriate enforcement.....	27
	2810 <i>Assessing performance in achieving audit criteria.....</i>	27
	2820 <i>Assessing overall appropriateness.....</i>	28
	2830 <i>Significance</i>	29
	2840 <i>Significant non-compliance requirements</i>	29
	2850 <i>Significant breach requirements.....</i>	30
	2860 <i>Limitations on planned audit scope</i>	30
3000	Reporting.....	29
3100	Overview of the reporting phase.....	29
3200	Report from the Auditor.....	30
	3210 <i>Auditor reporting phase</i>	30
	3220 <i>Format of the Report from the Auditor.....</i>	30
	3230 <i>Audit timing and dating the Report from the Auditor.....</i>	32
	3240 <i>Disclosure requirements.....</i>	32
3300	Report from the Board	32
	3310 <i>Board reporting phase.....</i>	33

	3320	<i>Follow-up Phase</i>	34
4000		Criteria of Appropriate Enforcement	35
	4100	Knowledge of business	35
	4200	Risk assessment	36
	4300	Inspections	36
	4400	Investigations	37
	4500	Determinations, decisions and follow-up	38
	4600	Setting context and expectations	39
	4700	Direction, organization and staffing	40
	4800	Agency interaction	41
	4900	Defining, measuring and reporting on performance	41

1000 Introduction

1100 Overview

This reference manual contains the audit standards of the Forest Practices Board (FPB) for the conduct of its enforcement audits, and the audit criteria and procedures for use in assessing the appropriateness of government enforcement under Part 6 of the *Forest Practices Code of British Columbia Act* (the Act).

This reference manual as well as all approved Board policies are available at www.fpb.gov.bc.ca

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The Forest Practices Code (the Code) comprises:

- the *Forest Practices Code of British Columbia Act*;
- related regulations; and
- guidebooks.

This reference manual provides guidance to auditors and information to auditees in assessing the appropriateness of government enforcement under Part 6 of the Act. It does not cover other types of audits that may be carried out by the Forest Practices Board, such as compliance or special audits. Guidance to auditors and government regarding compliance audits is in the *Compliance Audit Reference Manual*, version 5.1.

This manual is organized into several major sections:

Sections 1000 - 3000 define ‘enforcement’ and summarize the FPB’s criteria for ‘appropriate’ enforcement, and contain general guidance pertinent to all auditors and auditees regarding enforcement audits.

Section 4000 contains the FPB’s detailed criteria for appropriate enforcement, including nine main audit criteria and related subsidiary criteria.

Section 5000 contains the specific audit procedures, for each of the audit criteria, to be performed by the auditors during an FPB enforcement audit.

Throughout the manual, the term “Board” is used to refer to the appointed members, including the Chair. As described in the “[Policy Statement - Panels of the Board](#)”, the term “Board” may refer to one or more Board members working in a panel. The use of “FPB” refers to the entire organization, including Board members and staff.

Forest Practices Board audit standards and the guidance in this manual are based on generally accepted auditing standards as set out by the Institute of Chartered Accountants of BC.

1200 Forest Practices Board responsibilities

The Forest Practices Board (FPB) was established with the proclamation of Part 8 of the *Forest Practices Code of British Columbia Act* (the Act) on December 21, 1994.

The Act defines the FPB's statutory roles and responsibilities, requiring it to:

- deal with complaints from the public (section 177);
- undertake periodic independent audits (section 176);
- report findings, with reasons, of investigations and audits (section 185); and
- annually provide a report to three ministers, to be tabled in the Legislative Assembly (section 189).

In carrying out its responsibilities, the FPB is enabled by legislation to:

- conduct special investigations (section 176);
- request administrative reviews of specified determinations (section 128);
- appeal review decisions to the Forest Appeals Commission (section 131);
- make recommendations following an investigation or an audit (section 185);
- follow up those recommendations (section 187); and
- make special reports or comment publicly about matters relating generally to the FPB's duties under the Act or to a particular case investigated under section 189.

These roles and responsibilities extend to all activities described in Parts 3, 4, 5 and 6 of the Act.

The FPB also has the power to obtain information or records related to an audit, a special investigation or a complaint investigation (section 179 of the Act). In addition, it can ask for the information in the form and manner it considers appropriate.

The FPB does not have the authority to address matters relating to:

- private land, except private land included in tree farm licences or woodlot licences;
- strategic planning and land use (Part 2 of the Act);
- liability matters (Part 7 of the Act); or
- any other legislation, such as the *Forest Act* or the *Land Act*, except the Nisga'a Treaty.

The FPB's roles and responsibilities apply to:

- Agreement holders under the *Forest Act* and *Range Act*, including forest companies, mineral exploration companies, oil and gas exploration companies, ranchers, and woodlot owners operating on Crown land or on private land within tree farm licences or woodlot licences, as well as licensees under the Small Business Forest Enterprise Program administered by the Ministry of Forests;
- The four government ministries (Ministry of Forests; Ministry of Water, Land and Air Protection; Ministry of Sustainable Resource Management; and Ministry of Energy and Mines) who are responsible for the approval of plans, the development of higher level plans under the Code, and the administration and enforcement of the Code; and
- Government agencies, generally the Ministry of Forests, with obligations under the Code for such activities as the Small Business Forest Enterprise Program, forest service roads, recreation, stability of deactivated areas, protection, and free-growing stands.
- Other government obligations, such as the approval of plans by the district manager or designated environment official.

The FPB provides reports to the public and the Code ministers. It must report the findings and conclusions of all its investigations and audits and may make recommendations it considers appropriate, as described in section 185 of the Act. As described in section 186 of the Act, the FPB may ask to be notified of steps that have been taken to implement a recommendation. If the Board believes that adequate or appropriate action has not been taken, it can provide a further report to the ministers and make a report to the Lieutenant Governor in Council.

The Code came into effect on June 15, 1995. Therefore, complaints from the public and the FPB's audits, special investigations, requests for administrative reviews, and appeals must deal with decisions made or actions taken after that date.

1300 Forest Practices Board audit responsibilities

1310 Audit program

To meet its statutory responsibilities, the FPB's audit program includes audits of operational planning and forest practices and audits of the appropriateness of government enforcement of the Forest Practices Code.

A "forest practice" as defined in the Act includes timber harvesting; road construction; road maintenance; road use; road deactivation; silviculture treatments; botanical forest product collecting; grazing; hay cutting; and fire use, control and suppression. Audits of forest planning and practices may include the following types of audits:

- Compliance audits, which determine whether Code requirements have been met, focusing on those activities defined by the Act as forest practices (including range, recreation, and protection).
- Effectiveness audits, which evaluate the effectiveness of forest practices to determine if Code objectives are achieved, and to identify forest planning and practices that are implemented in the field and not required by the Code, but which achieve the Code's objectives.

Audits of government enforcement focus on the appropriateness of government's enforcement of the Code, including the consistency and fairness of enforcement across the province, and the equitable application of the Code.

Section 176(b) of the Code requires the Board to carry out periodic independent audits of the appropriateness of government enforcement under Part 6 of the Act. Part 6 is concerned mainly with authorities to inspect and seize, determinations, remedies and penalties.

“Enforcement” for the purposes of an FPB audit, includes both compliance and enforcement activities as generally defined by government agencies. These include activities such as setting clear and enforceable expectations, planning and conducting inspections of forest practices, and the actions taken to address situations of non-compliance with the Code (see **2120**).

“Appropriateness” is not defined by the Code or other legislation. For the purposes of an FPB audit, appropriateness has been defined by criteria that describe the various aspects of appropriate enforcement of the Code (Section 2100 includes an overview of the criteria and Section 4000 sets out the detailed criteria).

Audits of government enforcement may stand-alone or may be integrated with compliance audits. Integrated audits of compliance and enforcement are referred to as ‘area-based’ audits. These are generally undertaken within a defined area of land, such as a forest district, and include audits of compliance by parties and an audit of the appropriateness of government's enforcement of the Code in the area.

1320 *Enforcement audit selection*

To ensure enforcement audits are selected without bias, the FPB audits government agencies with Code enforcement responsibilities in a randomly selected area. Agencies are not selected on the basis of location or level of performance. For integrated audits of compliance and enforcement, the area to be audited is selected randomly.

1400 *Professional judgment*

In conducting enforcement audits, auditors are expected to follow the guidance provided in this manual. The use of the word “must” indicates those requirements from which the auditor cannot deviate. The use of the word “should” is to be interpreted as a very strong recommendation, from which departures require explanation and justification in the working papers. The use of the word “may” refers to those procedures that should be considered and applied as support to specific audit processes.

No guidance of general application can be phrased to suit all circumstances or combinations of circumstances that may arise, and no substitute exists for the exercise of professional judgment in the determination of what constitutes good practice in a particular case. Professional judgment is an important part of assessing the appropriateness of government's enforcement of the Code.

1500 *Conflict with statutes*

Should there be any conflict between this reference manual and any legislation or related regulations, the legislation or related regulations prevail.

2000 **Audit Guidance**

This section contains general guidance pertinent to auditees and all auditors participating in an FPB enforcement audit.

2100 **Overview of Enforcement Auditing**

A substantial focus of enforcement audits is on the compliance and enforcement (C&E) activities undertaken to appropriately enforce the Code. Audits concentrate on three broad aspects of government's enforcement:

- the design of the C&E organization and business practices
- the application of C&E through sampling of transactions, such as compliance inspections
- the management framework used to direct, monitor and report on C&E activity

Enforcement audits therefore involve the integration of:

- elements of management and operational auditing;
- office-based analysis of systems and records to support and demonstrate findings; and
- field verification, involving Board compliance auditing processes, to confirm results achieved on the ground.

“Appropriateness” for the purposes of enforcement audits includes certain attributes of effectiveness:

- appropriateness and logic of design
- achievement of intended results
- responsiveness to change
- monitoring and reporting
- management direction

It also includes notions of fairness, due process, reasonableness, consistency, and efficiency in administration. These elements can be seen in each of the Board's criteria for appropriate enforcement of the Code (see section **4000**).

Most auditing is performed against a set of standards--a blueprint--that defines expected behaviour. A Board compliance audit is an example of an examination of activities against such a standard, which is contained within the Forest Practices Code. There is no such blueprint for enforcement other than that derived from generally accepted management practices. Code enforcement agencies have developed policy and other guidance but there is considerable discretion afforded to district management and statutory decision-makers. Thus, there is not a fully-developed and common set of standards against which to assess the appropriateness of enforcement activity.

In the absence of established and shared benchmarks for assessment, the Board's enforcement audit framework adopts techniques from more advanced forms of management and operational auditing, involving the use of criteria developed to express expectations for the performance of various elements of the enforcement organization and processes. It is important to note that this is not a model, or a narrowly prescribed set of standards. It is a framework, composed of a set of criteria defining a reasonable or

acceptable set of performance expectations built around activities established by the enforcement agencies. As such, the optimum enforcement approach may not involve application of the entire model represented by the criteria. Auditors will encounter different approaches at different locations. The audit approach must be flexible to accommodate such situations, and a high degree of professional judgement is essential to enforcement audits.

2110 *Criteria of Appropriate Enforcement*

Enforcement audits primarily involve auditing compliance and enforcement systems and processes against commonly-accepted management principles, as represented by the criteria presented below. Section 4000 sets out the criteria, including detailed sub-criteria for each main criterion.

- Government agencies establish, through operational plan approval and related processes, expectations for forest practices that are enforceable and in accordance with the Code.
- Government agencies obtain, use and maintain adequate information on the forest activities subject to enforcement.
- Government agencies have an effective way of identifying risks associated with forest activities and utilizing risk in inspection planning.
- Government agencies conduct a sufficient number of inspections in a fair, objective and effective way, and accurately record and report results.
- Investigations are conducted in all applicable situations and only when warranted. They are performed in a fair, objective and consistent way, and are accurately recorded and reported.
- Determinations are made in all applicable situations and only when required. They are performed in a fair, objective and consistent way, and are accurately recorded and reported.
- Government agencies' organizational structures, policies and processes contribute to and support appropriate enforcement of the Code.
- The decisions and actions of different parts of government responsible for enforcement of the Code are appropriate and co-ordinated.
- Reporting systems provide adequate information on agency performance in relation to enforcement objectives.

2120 *Audit Scope*

The scope of an enforcement audit includes all activities that contribute to achievement of the Board's criteria of appropriate enforcement, performed by each of the government agencies subject to audit.

The scope of "enforcement" for the purposes of auditing the appropriateness of government enforcement includes both compliance and enforcement activity, as generally defined by government agencies.

The inclusion of both compliance and enforcement activity is necessitated by a number of factors, including public expectations, the way the agencies are organized, and their focus on achieving compliance. Compliance activities (planning, conducting, and reporting inspections) are the basis for subsequent

enforcement activity and, consequently, it is necessary to examine both compliance and enforcement activities.

Government's processes in setting clear and enforceable expectations, primarily through operational plan approvals, are also included in the scope of an enforcement audit because they contribute to the end result.

Government's processes for investigating and making determinations of non-compliance with the Code, and the fairness and reasonableness of decisions made, are included in the scope of an enforcement audit. The focus is on the investigation and determination processes rather than the determination itself. However, the fairness and reasonableness of decisions are reviewed in order to fully assess the processes.

While the enforcement audits do not focus on individual cases of non-compliance, where an audit identifies concerns with a determination, in individual cases of significant impact or serious disagreement, the Board may request a review by the Forest Appeals Commission, under section 128(1)(b) of the Act, of a determination made by an official.

2130 *Features of the enforcement audit program*

Significant features of the FPB's enforcement audit program include the following:

- the use of criteria describing a framework of appropriate enforcement of the Code, and against which to make assessments about the appropriateness of government's enforcement
- the inclusion of multiple agencies and assessment of the co-ordination of processes between agencies, in the scope of enforcement audits
- the use of long-form audit reports that present both positive and negative audit findings to support audit conclusions
- Audits are selected randomly and not on the basis of performance.
- The objective is to report on the appropriateness of government enforcement. Identification of system or process weaknesses may lead to Board recommendations for related improvements.
- Each enforcement audit requires a report from the auditor and a report from the Board, which are both distributed widely to the public and presented to the ministers in one document. This allows readers to understand the conclusions of the Board and those of the auditor.
- While Board members may visit audit operations to monitor audit progress, the audits are carried out independently by FPB staff members and persons contracted by the FPB.

2140 *Audit Unit*

Enforcement audits examine the compliance and enforcement activities of government agencies with Code enforcement responsibilities. The focus is generally on the forest district because this is the administrative unit that conducts most Code C&E activity.

The audit unit therefore includes the Ministry of Forests (MOF) district office and the operations in the ministries of Water, Land and Air Protection (MWLAP), Energy and Mines (MEM) and, where applicable, the Oil and Gas Commission within the district or geographic area selected for audit.

Where an enforcement audit is performed in conjunction with a compliance audit for an area of land, the enforcement audit includes those district C&E processes associated with forest practices in the selected area of land. In certain circumstances, C&E activities related to forest practices outside of the selected area of land may also be examined. This may be necessary to enable the enforcement auditor to obtain a full understanding of processes and how they are applied.

2150 *Site Validations*

Although enforcement audits include examination of government's enforcement organization and processes, important evidence about the appropriateness of enforcement can also be obtained by examining the results of forest practices achieved on the ground. One of the desired outcomes of enforcement is a high level of compliance with the Code and, hence, management and protection of key forest resources and minimization of adverse environmental impacts. Enforcement audits therefore include assessing the results of forest practices and enforcement activities on the ground.

Each of the criteria has an element of field inspection. For example, to review the appropriateness of agencies' risk assessments, auditors need to see the ground conditions, and come to their own conclusions about risk. To assess the results of inspections (and investigations and determinations), it is necessary to confirm the results of inspections through observation on the ground. Field visits also serve in population confirmation.

2200 *Auditor knowledge and responsibilities*

2210 *Knowledge*

An enforcement audit requires diverse professional expertise, including law, management auditing, program management, and forestry practices.

Auditors are required to have sound knowledge of the Code and of the standards and procedures set out in this reference manual. A working knowledge of the MOF's compliance procedures is also required. Each auditor participating in an FPB enforcement audit is responsible for obtaining a working knowledge of the auditee's compliance and enforcement systems and processes prior to the commencement of an audit. Much of this knowledge can be obtained through review of government's C&E policy and procedures, as well as other information such as legislative pronouncements and other published audit results relevant to Code enforcement by the auditee.

Given the wide scope of the Code and various expertise required to enforce the Code, it is not expected that all of the necessary skills, knowledge, and experience required to audit government's enforcement of the Code will reside in any one person. Instead, this knowledge will likely be shared among auditors and specialists on the audit team.

2220 *Use of specialists*

It may be necessary to engage additional specialists on enforcement audits. Whether the specialists are employees or consultants, the team leader is responsible for the work of the specialists.

Factors influencing the decision to use a specialist and, if so, the type of specialist to use should include:

- the need for specialist expertise in assessing aspects of government's C&E of the Code, such as legal expertise required to assess complex investigation or determination processes

- the extent of the audit team's recognized expertise and audit experience in the area

When using an additional specialist resource, the team leader should:

- ensure that the issue is clearly understood so the right type of specialist is utilized, including preference for local knowledge and experience
- satisfy him or herself as to the qualifications, reputation for competence, and pertinent experience of the specialist, as well as his or her independence from the auditee
- confirm assignment of the specialist with the director of audits, including terms of engagement
- ensure the specialist has experience in, or is familiar with, the relevant subject area
- review with the specialist the work he or she is doing and the output required
- provide adequate and appropriate supervision of the specialist during the conduct of the audit
- ensure the specialist provides a signed, professional conclusion or report
- review the results of the specialist's work, the professional conclusions provided and the output/reports generated by the specialist, to the extent considered necessary to confirm his or her findings and the appropriateness of the related conclusions

2230 *Auditors' responsibilities*

Auditors participating in an FPB enforcement audit are responsible for ensuring the following standards are achieved throughout the audit:

Independence

The Forest Practices Board must, by all reasonable tests, be independent (and be perceived to be independent) of all auditees. In enforcement auditing, this need for independence extends to those licensees subject to Code enforcement in the audit area. All auditors (Board staff and contractors) working on behalf of the FPB must be similarly independent. The FPB reserves the right to make all final decisions regarding conflict of interest situations.

Independence is both a frame of mind and an absence of certain types of relationships. Before accepting any assignment, all contracted auditors proposing to carry out enforcement audits for the FPB must declare all possible independence conflicts to the director of audits.

Before entering into any audit arrangement with the FPB, auditors must fully disclose to the director of audits any relationship in which they are (or have been) employed or contracted for a substantial time by any BC government ministry or agency having regulatory responsibilities under the Code.

Auditors must fully disclose to the director of audits any relationship in which they or their spouses or immediate family members:

- have been a participant in an FPB complaint investigation related to forestry or regulatory activities in the audit unit
- have provided auditing, consulting or equivalent services (including that of employment) to the auditee, within a 3-year period preceding the period covered by the audit, where such consulting or equivalent services relate directly or indirectly to the enforcement practices of the auditee; providing such enforcement-related consulting services to other divisions or locations of an auditee would also be included, as would providing such forestry-related consulting services to a current or former licensee of the land base that is the subject of an audit
- receive financial consideration or benefits from the auditee during the audit or because of it (an exception is made where accommodation, transportation, meals, and other amenities are provided by the auditee in situations where no reasonable alternative facilities exist)

All members of a team employed by the auditor to conduct enforcement audits (i.e., employees and sub-consultants) are subject to the above independence requirements.

Auditors should conduct themselves at all times in a manner that supports the independence and objectivity of the Board's work. They should not make oral or written responses to any parties that may suggest that they are not independent or objective.

If an auditor contracted by the FPB has any questions or concerns about independence matters, he or she should refer these to the director of audits before entering into a contract. Should any independence issue come to the attention of the auditor of record after an audit has started, he or she must inform the director of audits immediately.

Confidentiality

The FPB reserves the right to make available to the public any information it acquires through its enforcement audit program while still protecting privacy. One of the FPB's guiding principles is openness and the FPB will be subject to the *Freedom of Information and Protection of Privacy Act*.

Prior to the public distribution of the report from the auditor, auditors must not make available to third parties any information they have become aware of as a result of their involvement with an enforcement audit, without the prior approval of the director of audits.

Information that an auditor may wish to share with an auditee includes:

- dates, times, and locations of visits;
- details of records to be examined;
- evidence of audit findings, particularly to confirm the accuracy of audit findings; and
- probable "significant breach" instances (see **2840**).

Further guidance on information that may be shared with auditees is contained in **2410**.

Auditors are expected to exercise judgment in sharing with auditees information associated with an enforcement audit. If in doubt, the auditor should obtain guidance from the director of audits. In no case should auditors make recommendations or otherwise suggest process improvements to auditees.

All audit working papers are the property of the FPB, including working papers prepared by contractors. No copies are to be retained by FPB contractors.

2300 Audit organization

The FPB may resource its audits in a number of ways:

- using FPB staff entirely
- engaging contractors (from one person to a complete team) to assist its staff
- using only contractors; the contracted auditor, in turn, may engage one or more sub-consultants who would be responsible to the contractor

For each audit, the director of audits appoints an auditor of record who has been pre-approved by the Board.

2310 *FPB/Auditee relationships*

The Code requires the FPB to conduct independent audits. There is no contractual relationship between the FPB and auditee. Contracted auditors act on behalf of the FPB. No contractual or other work relationship exists between a contracted auditor and any parties other than the FPB and the auditor's sub-contractors.

Auditors should endeavour to establish a cooperative and effective working environment with auditees. It is expected that the mutual interests of the parties will be best met where full cooperation of auditees is obtained. Should any difficulties be encountered, the team leader should inform the auditor of record.

The auditor of record and team leader must ensure that the enforcement audit is carried out in accordance with the FPB's audit standards. The audit team may not deviate from Board standards without the prior consent of the auditor of record and director of audits.

If an auditee or any other party contacts an auditor on matters outside the auditor's enforcement audit responsibilities, the auditor must state clearly that he or she is acting only on behalf of the FPB and cannot communicate any information to any party other than the FPB and, for certain information, the auditee. The inquiring party must be referred to the auditor of record.

2320 *Specific responsibilities*

All members of an audit team have responsibility for the achievement of an efficient and effective audit. Auditors must:

- have a working knowledge of the business of Code C&E
- have a sound knowledge of Code elements pertaining to their responsibilities on the audit, including the Act, regulations and guidebooks, and any pending legislative amendments
- be familiar with the FPB's enforcement audit process, as described in this enforcement audit reference manual

- carry out responsibilities in a professional manner, maintaining cordial and cooperative relationships within the audit team and with the auditee
- maintain standards of independence, objectivity, and confidentiality
- meet the timing and logistical arrangements of the audit and be available without interruption during the time required for audit work
- bring to the site and use field gear and safety equipment that is in good working order

The responsibilities assigned to auditors are at the discretion of the team leader, based on the needs of the audit and the expertise and experience of the audit team.

Director of Audits

The FPB's director of audits has overall responsibility for managing the enforcement audit program, including ensuring consistency among audits.

When feasible, the director of audits will conduct field visits of audits in progress. The director of audits will also oversee detailed working paper file reviews to ensure Board standards are met and file preparation has been adequate.

Legal Counsel

The general counsel for the Board will arrange for advice on legal issues associated with the audit.

Auditor of Record

The auditor of record has overall responsibility for the audit. He or she is responsible for:

- ensuring the audit team has the requisite range and depth of skills, including the required auditing, forestry, resource management and enforcement expertise
- acting as primary liaison with the auditee, the Board and the Code ministers on situations involving a significant breach (see **2840**)
- reviewing the audit planning memorandum, including any subsequent amendments that may be required, and forwarding to the director of audits for approval prior to the start of the audit field work
- providing general direction to the team leader on all aspects of the audit
- assisting the team leader with supervising the work of the audit team members
- reviewing and approving the population confirmation and risk assessment and ensuring the adequacy of audit coverage
- attending auditee interviews and audit sites as necessary
- examining in the field any items that may lead to a conclusion of significant non-compliance with the Code

- reviewing audit working papers to ensure the completeness of work done, the sufficiency and appropriateness of evidence and the adequacy of audit documentation
- reviewing and approving audit findings to be discussed at the exit meeting
- attending audit exit meetings
- forming audit conclusions for inclusion in the report
- reviewing a draft report, where prepared by the team leader, and finalizing the report
- completing an audit summary memorandum which indicates the extent of audit supervision and file review conducted throughout the audit assignment as well as a notation on any other areas of interest with respect to the audit, including audit observations and issues and how they were addressed
- completing a Board presentation document and evidence package which may include the audit summary memorandum
- submitting to the Board, along with a transmittal letter, a signed audit report with conclusions relating to the criteria examined and an overall conclusion with respect to the appropriateness of government's enforcement
- reporting on other aspects of the audit at his or her discretion (see **3300**)
- presenting the audit findings to the Board

Team Leader

In addition to having a sound working knowledge of the Code and of Code enforcement, of prime importance to the performance of the team leader position is a proven ability to plan, arrange, perform, document, consult, and report on an audit in accordance with the requirements of this reference manual. Excellent project management, and written and oral communication skills are also required.

A team leader is required for each audit. He or she reports to the auditor of record and is responsible for the performance of the audit, including:

- managing the audit to meet project timelines
- obtaining appropriate reference materials
- acquiring background knowledge of the auditees (and particularly of the areas to be audited) to guide audit sampling
- preparing the audit planning memorandum and the audit budget
- completing the audit announcement information form and submitting it to the FPB communications staff
- ensuring all team members are familiar with the FPB auditing standards before the audit begins

- acting as the primary liaison with the auditees, except for significant breaches (see **2840**)
- arranging and conducting interviews with key auditee personnel, as required
- determining the extent of audit testing to be performed, in accordance with this manual (the rationale for extent of testing should be documented in the audit working papers);
- planning, coordinating, and supervising the work of all audit team members
- reviewing and examining the work of enforcement auditors, including preliminary conclusions about the achievement of each audit criterion
- ensuring the adequacy and sufficiency of audit evidence
- reviewing preliminary conclusions for each criterion and about the overall appropriateness of government's enforcement, as initiated by the lead enforcement auditor
- reviewing exit notes and a supporting audit evidence package, and arranging for an exit meeting with the auditee
- reviewing all working paper files and ensuring that all files are complete
- reviewing with the auditor of record all audit conclusions, and responding to queries
- conducting and documenting analyses and performing further audit work if required, in relation to auditee responses to audit findings, conclusions and draft reports
- assisting in writing the draft and final report from the auditor and preparing evidence materials in support of a presentation of the report from the auditor to the Board
- completing an audit summary memo which documents key aspects about the conduct of the audit

A team leader may delegate portions of his or her responsibilities to other members of the audit team.

Lead Enforcement Auditor

The lead enforcement auditor is responsible for the conduct of audit procedures, as assigned by the team leader. Of importance to the lead enforcement auditor's role is a sound understanding of the Board's criteria of appropriate enforcement of the Code, strong interview skills, and a proven ability to identify and obtain sufficient appropriate audit evidence to support audit assessments.

The lead enforcement auditor is responsible for:

- following the directions of and supporting the team leader

- performance of the enforcement audit procedures, including interviewing auditee staff, obtaining and assessing supporting audit evidence, considering corroborating information and analytical analysis
- identifying all agency activities that contribute to each enforcement criterion, and verifying their performance
- assessing the achievement of each audit criterion and, in consultation with the team leader, forming preliminary conclusions about the level of achievement
- preparing exit notes and a supporting audit evidence package
- ensuring the auditees are aware of the audit steps that will occur after the interviews and initial field work has been completed
- maintaining communications with the auditees, as required, on audit findings and logistics
- reviewing with the team leader all audit conclusions, and responding to queries
- conducting and documenting analyses, and performing further audit work if required in relation to auditee responses to audit findings, conclusions and draft reports
- assisting in writing the draft and report from the auditor and preparing evidence materials in support of a presentation of the report from the auditor to the Board

Audit team members

The audit team members are responsible for:

- following the directions of and supporting the team leader
- confirming the audit populations and audit risks
- planning and carrying out assigned tasks objectively, effectively and efficiently within the scope of the audit
- conducting interviews of auditee staff and obtaining corroborating evidence to support interview results
- collecting and analyzing relevant and sufficient evidence to allow findings to be made and conclusions to be drawn
- preparing working paper documents in a timely manner and in accordance with FPB standards
- obtaining sufficient appropriate audit evidence to support audit findings
- timely clearing of queries raised by the team leader or auditor of record
- safeguarding documents pertaining to the audit and returning such documents as required

Administrative Field Support

The administrative field support staff person is responsible for:

- assisting with the co-ordination of travel arrangements including booking hotel and meeting rooms, charter flights and helicopters
- providing a detailed itinerary and cost analysis of audit travel arrangements to the audit team leader
- ensuring all audit teams are fully equipped with such items as safety gear, radios and other supplies, as required
- ensuring a standard paper and electronic file format is followed
- assisting in obtaining information from the licensee as requested by the audit team leader or the auditor of record
- performing administrative file review throughout and at the completion of the field work to ensure file documents are in order

2330 *Audit supervision and review*

The team leader, under the overall direction of the auditor of record, is responsible for providing adequate supervision of team members through all stages of the audit. Supervision includes:

- instructing team members on the work they are to perform and the objectives of the work
- providing guidance to team members about the use of judgment in assessing auditee performance of the audit criteria
- ensuring that work is carried out to standard and on a timely basis
- ensuring that the results of the work are adequately documented and support conclusions
- addressing auditing and technical problems encountered by audit team members
- reviewing the work of team members and documenting that review in the working papers
- providing a summary document for the audit file which details how the supervision and review was carried out
- transmitting required documentation and reports to the FPB audit section

The audit team should have daily meetings to discuss progress and audit findings to date, and as a forum to plan for the remainder of the audit.

2400 Overview of the audit process

This section provides an outline of the audit process, for which detailed guidance is provided throughout the manual.

Once an audit unit is selected for audit, the FPB's audit process addresses compliance and enforcement activities of all government agencies with Code enforcement responsibilities. Because the Ministry of Forests takes a lead role in Code enforcement, its activities are generally the primary focus of the audit.

Board audits may be full or limited scope. Full scope audits cover compliance and enforcement for all activities such as operational planning, roads, harvesting, silviculture, range and protection. Limited scope audits cover C&E for one or more of the above activities. Limited scope enforcement audits may also assess one or more C&E activities such as inspections, investigations or determinations. The auditee is informed of the audit scope during notification of the audit (see **2410**).

The main phases of an FPB enforcement audit are planning (see **2410**), performance of the audit work (see **2420**), auditor reporting (see **3200**), Board reporting (see **3300**) and follow-up (see **3500**).

Each phase of the audit is subject to a quality assurance process. Audit supervision is a continuing process, beginning with planning and ending with the conclusion of the audit assignment. The extent of the supervision depends on the proficiency of the auditors and the difficulty of the audit issues addressed. (see **2330**).

2410 Planning phase

The planning phase is key in ensuring an effective enforcement audit. Most aspects of planning are the responsibility of the FPB audit section and the auditor of record, in conjunction with the team leader.

The FPB audit staff is responsible for confirming the following with the Board:

- the appointment of auditors of record
- the mix, number, and scope of audits to be performed

The FPB staff is also responsible for the following:

- selection of audit units (and related auditees) for audit
- determining the scope for each audit
- selecting auditors to conduct the audit
- notifying the auditee of audit selection at least four weeks in advance of the audit, including the scope of the audit and the auditor of record for the audit
- providing the auditee with a copy of this reference manual

Arrangements and understandings with the auditee

To facilitate an efficient audit, the team leader should discuss the following arrangements and understandings with the auditee before audit work commences:

- auditee designating, in writing, a senior staff member as audit liaison who will be available throughout the audit to discuss audit findings and provide information as needed. An important role for this individual is to act as a conduit for information concerning the audit to the auditee's senior management.
- auditee informing employees about the objectives and scope of the audit as necessary
- auditee staff assisting in locating files or maps that the audit team requires
- key auditee staff available for interviews and to discuss issues and review findings
- audit information requirements for the preliminary meeting, including C&E organization charts, policies and procedures etc.
- work area for the audit team, preferably a boardroom
- access to a photocopier
- auditee providing access to auditee files, including operational plans
- the FPB reimbursing the auditee for the agreed cost of all lodgings, meals, and vehicles provided to the auditors by the auditee

Auditees may have limited understanding about an FPB enforcement audit, roles of audit team members and methods of collecting information and substantiating findings. It is therefore crucial for the team leader and other team members to take the time to provide clear explanations whenever confusion arises.

If the auditee has any concerns about the audit process or communications, these concerns should be reported to the team leader or auditor of record.

If the auditee is not satisfied with the response from the team leader or auditor of record, the auditee should contact the FPB director of audits or the executive director.

Communications

The team leader must maintain contact with the auditee's audit liaison, usually daily, throughout the on-site work to ensure the auditee is apprised of audit status and has sufficient opportunities to discuss the progress of the audit. The team leader should advise the auditee of any audit delays along with an explanation as soon as they are anticipated.

It is important that the auditee understands that all audit findings will be disclosed and discussed over the course of the audit, and that the auditee will have the opportunity to present further information as necessary prior to completion of the audit.

At the completion of the on-site phase of the audit, a wrap-up meeting with the auditee will be held to advise the auditee of preliminary audit observations and findings. Following the wrap up meeting, the FPB will provide regular monthly updates to the auditee regarding the progress of the audit until the final report from the Board is released.

Where significant breach events or conditions have been observed during the audit, special actions and reporting are required (see **2840**).

Preliminary visit

The team leader and selected audit team members should visit with the auditees before on-site work begins. During this visit they should:

- meet with auditee key contacts
- obtain information about the organization of each agency's C&E program, relevant policies and procedures, etc.
- obtain information about the operating environment, such as relevant higher level plans, number and type of forest licences, volume of timber harvest etc.
- identify, and where possible confirm, the forestry activities carried out during the audit period
- ascertain the auditee personnel that will be involved in the audit process, and confirm their availability for the field work phase of the audit
- make arrangements for logistical support (e.g. helicopter and vehicle rentals, accommodation, and equipment rental)
- assess the need for any enforcement or other specialist skills on the audit team
- gather any other information required to complete the audit planning memorandum (see next section)

Audit preparation

The team leader prepares the audit planning memorandum that includes key information about the audit. The director of audits and the auditor of record must approve the planning memorandum before on-site work begins. The planning memorandum must include the following information:

- the dates and location of the audit
- background information on the agencies being audited and the area of land subject to Code enforcement by the agencies, including a description of the operating area, any special resource features of significance to the audit, the status of higher level planning and other relevant information
- implications for assessing performance against the audit criteria, based on information obtained during the preliminary visit
- audit processes or procedures to be integrated by the compliance and enforcement auditors when conducting an area-based audit
- the scope of the audit, any limitations, and the audit period
- number, nature and volume of forest activities
- a description of the auditee's enforcement organization

- identification of other Board examinations and reports in the area
- names and professional designation of audit team members and their specific responsibilities
- the anticipated audit time frame
- identification of the auditees' key staff
- identification of specialists

2420 *Conduct of the field audit phase*

Entry meeting

At the inception of the audit, the team leader should convene a meeting attended by the audit team and all key agency personnel that will be involved with the audit, including a representative from each agency.

The purpose of the meeting is to introduce the audit team to the auditee staff, review the objectives of the audit, confirm audit logistics and processes, review FPB and auditee safety procedures, and obtain any further information requested of the auditee. Audit team members should briefly explain their qualifications, backgrounds, and the areas of work they will be involved in. Auditee personnel should explain their specific areas of responsibility.

Conduct of the audit

The audit work includes assessments of the design of the auditee's C&E organization and business processes. This is primarily done via office interviews with key C&E staff, including supervisors and managers, with confirmation through examination of records.

The audit work also includes assessing each activity or function established by the auditee as contributing to enforcement of the Code--such as the planning, conduct and recording of inspections--in relation to the Board's criteria for appropriate enforcement. This work is performed in the auditee's office and in the field, applying the enforcement audit procedures set out in Section 5000.

In performing the audit, the auditor collects, analyzes, interprets, and documents information to assess government's achievement of the audit criteria, individually and collectively. This requires the auditor to examine the adequacy of systems and processes in comparison to each of the audit criteria.

All assessments and conclusions must be based on sufficient appropriate audit evidence. The audit working papers must adequately document the analysis made and support the basis for the findings and conclusions.

Key steps in conduct of the audit

Throughout the conduct of the audit, there are key audit steps. Depending on the size, organizational structure and complexity of issues, it may be necessary to adjust key steps to address specific aspects of the auditees' enforcement program. Generally, the following key steps are applied in an enforcement audit:

- An entry meeting is held with auditees to introduce the team members and auditee staff, and initiate follow-up interviews.

- Initial interviews of auditee staff are conducted, with detailed information requests provided at the completion of each interview. Generally, a team of two auditors conducts each interview. Interview questions are provided to the relevant staff in advance of the interviews.
- Detailed information and file reviews are conducted.
- Analytical testing is performed.
- Field samples are selected and field visits conducted. Auditee staff are in attendance for field visits.
- Interviews of auditee supervisors and managers are conducted with information requests provided at the completion of each interview.
- Follow-up interviews of auditee personnel are conducted. Further information is requested as necessary. Follow-up interviews are an important procedure in enforcement audits (discussed further below).
- Any additional sampling is conducted.
- Preliminary assessments are made about the achievement of each audit criterion.
- A wrap-up meeting is held with auditees to advise of audit status and any preliminary audit findings. The schedule of next steps and remaining audit process is also reviewed with the auditee during the wrap-up meeting.

Interviewing auditee staff

Interviews of auditee staff and managers are an important audit procedure in enforcement audits. The assessment of systems and processes with limited verifiable ‘results’ increases the need for effective interviews. For example, it may not be possible to examine a cutblock and verify the completeness of an inspector’s inspection processes. Rather, to reach a conclusion about inspection processes, it is necessary to consider various sources of audit evidence including interviewing the inspector to ascertain his or her inspection processes, review of supporting documentation, consideration of corroborating evidence such as the auditors own assessments of harvesting practices, and follow-up interviews with inspectors to discuss perceived weaknesses in inspection processes.

In conducting interviews of auditee staff and managers, the following principles must be maintained:

- For initial interviews, interviewees should be provided a list of interview questions at least 12 hours in advance of each interview.
- Generally, two auditors should conduct each interview, and one (occasionally two) auditee staff should be in attendance.
- At the start of the interview, the auditors should ensure that the auditee staff understand the objectives of the audit and the interview, including the importance of information provided during the interview.

- Responses to interview questions should be verbally reflected or summarized by the auditor during the interview to ensure that both the auditor and the auditee have the same understanding of the responses.
- Interviews should be conducted efficiently, respecting the auditee's time requirements. In general, interviews should last no more than two hours, with exceptions for complex interviews.
- Auditors should maintain open communication throughout the interviews. The objective of follow-up interviews is to obtain clarification and discuss perceived weaknesses. Auditors must explain any perceived weaknesses clearly and fully, to enable the interviewee to provide a meaningful response.
- At the completion of an interview, the auditors should review with the interviewee any documentation requested in support of interviewee responses, and set a timeline for receipt of the information.

Exit process

Once audit field work is completed, a wrap-up meeting is held to advise the auditees of preliminary audit findings and to establish a timeframe for outstanding information and audit exit meetings. At the wrap-up meeting, preliminary audit findings and conclusions about the achievement of the criteria are discussed with the auditee.

Exit meeting

The auditor of record or team leader must arrange for an exit meeting at the conclusion of the field work. Where audit findings relate to a party other than the auditee, then an exit meeting should be held with that party.

The audit evidence package and exit notes are prepared and forwarded to the auditee approximately two weeks in advance of the exit meeting.

The main purpose of the exit meeting is to review the audit findings being considered for inclusion in the audit report. To ensure the accuracy and completeness of the report, the auditor should seek input from the auditee. The auditee has the opportunity at the exit meeting to respond and provide any comments or information that has not been provided to the auditors previously.

Following the exit meeting, auditee comments and information must be documented and evaluated by the audit team, and audit conclusions finalized.

Following this analysis, the team leader and the auditor of record prepare a draft report from the auditor, which is made available to the auditee for review and comment.

2430 *Audit timelines*

Timely conduct and reporting is a key element in the public relevance of FPB audits. As a result, the following timelines are an integral part of the planning memorandum (see **2410**). The following general timelines can be anticipated in the performance of the various phases of the audit process:

Communication with the auditee is initiated by the director of audits through notification of the licensee or district of the audit.

The team leader will contact the auditee within one week of the audit notification to begin the process of learning about the auditee's operations. At this time, an auditee questionnaire will be forwarded to the auditee for discussion and completion.

A preliminary meeting between the team leader and possibly other audit team members, and the auditee representatives will normally be held two to three weeks after the audit notification.

Field work will begin four to six weeks after notification.

Field work, ending with a wrap-up meeting, will generally take two to three weeks.

An exit meeting will usually be held within three to four weeks after the completion of the field work; however the specific timelines are dependent on the number and complexity of the issues identified during the course of the audit. Also, if there are no substantive findings or issues arising from the audit field work, an exit meeting may not be required.

Generally within two to three weeks after the exit meeting a draft report will be prepared. The specific timelines are dependent on the number and complexity of the issues discussed during the exit meeting and is also dependent on the amount of new material, if any, that may be provided to the auditor at the exit meeting.

The draft report will be forwarded to the auditee for review, generally establishing a timeline of two to three weeks for a written response. At that point, further discussion on the draft report may be held with the auditee.

The final report from the auditor will be submitted to the Board two to three weeks after the draft report discussion.

Based on the general timelines noted above, an audit with no significant findings may generally be expected to take 20 to 28 weeks from the initial notification of the auditee to the submission of the final auditor's report to the Board, or 13 to 19 weeks from the start of the audit field work.

2500 Audit sampling

Each enforcement audit requires that the auditor carry out sufficient testing to ensure that all applicable Code C&E activities are audited, and sufficient appropriate audit evidence is obtained to support the audit conclusions. A sample of transactions related to the auditees' C&E processes within each criteria are selected for detailed examination.

The audit sample is derived at two levels. Organizationally, a sample of technicians or zones is selected. This level of sampling is generally performed after the preliminary audit visit. Within each of these organizationally-based sub-populations, a sample of transactions is selected for detailed examination. This level of sampling is generally performed after initial interviews, file reviews and analytical analysis are completed.

The final audit sample takes the following factors into consideration:

- risks for each activity (see **2600**)
- the number of C&E technicians
- the organization of the district's C&E program – pre-post or zonal
- geographic area and associated harvest volumes in the district or area subject to audit
- forest practices inspected by the auditee, and associated risks
- forest practices not inspected by the auditee, and associated risks
- forest licensees operating in the district or area subject to audit
- management control systems and processes
- the number and nature of investigations and determinations
- operational plans approved
- preliminary audit results

2600 Audit risk

Audit risk in an FPB enforcement audit is the risk that an auditor will form an incorrect overall conclusion about government's enforcement under Part 6 of the Act. Therefore, the scope and extent of audit procedures performed in an FPB audit are functions of the relative risk of inappropriate enforcement not being detected.

Detection risk is the risk that inappropriate enforcement within the planned scope of an enforcement audit will not be detected by the auditor. Detection risk always exists, but auditors can reduce it to acceptable levels by following the guidance in this reference manual and applying sound professional judgment.

Inherent risk is the risk that inappropriate enforcement will occur and not be detected or addressed, and exists independently of the audit. It can be a function of organizational structure, resourcing and performance of C&E activities, and the training and expertise levels of C&E staff. Inherent risk is considered during audit planning.

Control risk is a third key component of overall audit risk. Control risk is the risk that the auditee's compliance and enforcement activities and related controls will not prevent, detect, or correct inappropriate enforcement. Because the objective of an enforcement audit is to assess the appropriateness of government's enforcement of the Code, including processes contributing to appropriate enforcement of the Code, assessing control risk is a key aspect of audit sampling in an enforcement audit (see **2500**).

The FPB selects the auditees and audit units, the period of time to be covered by the audit, and the type of compliance and enforcement activities to be covered. FPB audits are selected randomly to minimize the risk of the public being provided information that is not reflective of practices in the province. Therefore, the selection of auditees for the enforcement audit program is not affected by the level of inherent risk in different audit units.

2700 Audit evidence

Audit evidence is obtained by such means as observation, inspection, measurement, computation, and inquiry and confirmation. Sufficient appropriate audit evidence must provide a reasonable basis of support for all audit findings and conclusions.

Evidence supporting a conclusion of appropriate enforcement should, as a minimum, include a description of the procedures or tests performed and the locations, documents, and practices examined. Evidence supporting inappropriate enforcement or weaknesses in enforcement, should include the above description of procedures and location, and include copies of any documents or records that demonstrate the weakness and any pictures or other evidence that may support the finding.

What constitutes sufficient appropriate audit evidence is a matter of professional judgment. It is customary to obtain and retain more evidence to support findings that demonstrate weaknesses or inappropriate enforcement, than findings of appropriate enforcement.

Documentation of evidence supporting significant breach conditions should include all steps performed and evidence gathered by the auditor to evaluate the breach, including information supplied to the auditor by the auditee in response to the auditor's contention that a probable significant breach has occurred.

Audit evidence takes many forms. Important forms of evidence are documents (e.g., inspection records, investigation files and determinations) and responses from licensees.

How to acquire audit evidence is dealt with in **2710**. Once acquired, the evidence must be documented in audit working papers as, for example:

- copies of documents
- a record of the results of inquiries (answers to audit questions)
- a record of work done (sign-off of audit program steps)
- a record of observations and inspections made, particularly where weaknesses are observed (including maps and photographs)
- copies of corroborative documents (e.g., correspondence from various Ministry of Forests personnel, other agencies and licensees)

2710 Obtaining audit evidence

Audit planning (see **2410**) will determine which portions of the audit procedures are to be completed and the extent of testing to be undertaken. The audit work will consist of completing the work indicated by audit program steps and then forming conclusions at various levels (see **2810**).

Audit evidence is obtained in several ways, as described below.

Interviews

Interviews with those involved in C&E processes are a key element in enforcement auditing (see **2420**).

Observation

Observation consists of looking at the performance of compliance and enforcement activities as they are being carried out. It can provide valuable evidence of the nature of activities at the time the observation is made, but not at other times. Observation may be necessary for seasonal aspects of forestry activities. An auditor must make note in the working papers of observations made, and include photographic evidence where appropriate.

Inspection

Inspection involves examining records and documents, as well as the results of compliance and enforcement activities. There are several degrees of inspection, ranging from scanning to detailed examination.

Inspection can be employed extensively as an audit technique, as it provides highly reliable evidence of the results of past compliance and enforcement activities.

Computation

Computation involves checking the arithmetical accuracy of documents and records of compliance and enforcement activities, such as surveys conducted by the auditee. It also involves performing independent calculations (including recalculations). It provides highly reliable evidence and can be used in calculating landing sizes, making soil disturbance calculations, etc.

Measurement

Periodically in the completion of the audit procedures, the auditor is required to measure various things (e.g., culvert sizes, riparian zone widths, road widths). Measurements provide highly reliable evidence. The procedures themselves establish auditing standards for taking measurements in several areas. All measurements must be recorded in the working papers.

Inquiry and confirmation

Inquiries can range from oral inquiries to formal, written inquiries. Answers from auditees may require corroboration, which can be obtained from inspection, observation, or confirmation with the auditee or others.

Confirmation usually consists of answers, which may be in writing, to inquiries made. Written responses from third parties usually provide highly reliable evidence. All written evidence must have a notation indicating the source, date received by the audit team, and the name of the auditor who reviewed the evidence.

2720 *Documentation*

The fundamental purpose of the audit working papers is to provide a record of the audit work performed and to provide sufficient appropriate audit evidence to support the conclusions of the audit.

Board auditors use documentation standards to ensure consistency and completeness of all audit working paper files. It is expected that auditors will follow these standards when documenting the audit work performed on an FPB audit. A rationale for any significant deviations from these documentation standards must be completed by the auditor of record and be approved by the director of audits.

Audit working papers are an integral part of every audit as they form the record of audit work performed. Working papers must clearly indicate the specific audit, the auditor, the audit work planned, the audit procedures used, and the conclusions reached. The working papers must be clear and concise. All key audit working papers are to be reviewed by the team leader or auditor of record to ensure accuracy and completeness.

The contents of the auditor's working papers must, by themselves, contain sufficient evidence of work done, audit findings, and relevant information to support conclusions reached. Evidence of work done should normally consist of the audit planning memorandum; completed audit programs, and relevant working papers including interview notes and an audit summary memo demonstrating the key aspects of audit supervision and review performed.

Working paper evidence should include:

- summaries of enforcement findings and conclusions by audit criteria
- interview summaries
- interview notes
- description of analytical review performed and results
- summaries of enforcement findings and conclusions by audit criteria
- copies of relevant auditee policies, procedures, directives, agreements, organization charts and business plans
- copies of operational documents such as maps, ledger entries, minutes, authorizations and approvals, contracts, determinations, inspection reports, risk assessments, training plans, etc.
- photographs and other renderings
- any other relevant documentation material

The working papers should fully document and describe the evidence examined, the representations considered and the reasoning leading to all conclusions reached. The more controversial and disputed the matter, the more comprehensive the working paper documentation should be.

2800 The assessment of appropriate enforcement

2810 *Assessing performance in achieving audit criteria*

The audit programs lead the auditor through a series of procedures and audit program steps. Through this process, the auditor will examine and gather audit evidence, document evidence considered and the basis for findings in the working papers, and then form conclusions.

The first level of conclusion required is whether, for each audit criterion, the particular C&E activities and processes identified as contributing to its achievement, generally achieve the audit criterion. There is not a single correct approach or activity to achieve each particular criterion. In fact, it is expected that agency approaches will differ between locations. The focus of this level of assessment is on the achievement of the objective of each criterion, rather than the processes themselves.

Sufficient appropriate audit evidence, including identifying all of the processes contributing to the achievement of each criterion and verification of their performance, must be obtained in order to draw conclusions at this level. If an auditor cannot access sufficient appropriate audit evidence, a restriction of audit scope has occurred (see **2860**).

2820 *Assessing overall appropriateness*

The second level of conclusion required is whether, overall, the auditee is appropriately enforcing the Code.

This section outlines the broad concepts of appropriateness and factors considered in reaching an overall conclusion about the appropriateness of enforcement.

“Appropriateness” for the purposes of enforcement audits includes certain attributes of effectiveness:

- appropriateness and logic of design
- achievement of intended results
- monitoring and reporting
- management direction

It also includes notions of fairness, due process, reasonableness, consistency and efficiency in administration. These elements can be seen in the Board’s criteria for appropriate enforcement of the Code (see **4000**).

In assessing the overall appropriateness of the auditees’ enforcement of the Code, the auditor must consider the impact, or potential impact, that the level of achievement for each audit criterion has on the overall appropriateness of the auditee’s enforcement program. Key considerations include:

- the significance (see **2830**) of individual audit conclusions about the achievement of the audit criteria in relation to the auditee’s overall C&E program, and intended objectives
- the significance of individual audit conclusions about the achievement of the audit criteria in relation to risks associated with the operating environment in the area of auditee operations
- the collective level of achievement of the audit criteria

For example, in assessing the overall appropriateness of an auditee’s enforcement program in a coastal district, observed strengths in inspection processes in areas of steep terrain and around fish streams may outweigh deficiencies observed in setting expectations for forest health practices. Based on associated risk, the positive achievements in this situation would lead to an overall conclusion of appropriate enforcement.

Conversely, an absence of inspections in the high risk areas would lead the auditor to conclude that appropriate enforcement has not been achieved.

The above examples are simplified to illustrate a concept. The assessment of whether the achievement or non-achievement of a specific criterion is significant, and whether an auditee's compliance and enforcement

activities are appropriate overall, are matters requiring careful professional judgment applied in conjunction with the guidance contained in this manual.

In accordance with the FPB's auditing standards, the auditor of record makes the final judgment regarding significance when forming conclusions. The working papers should fully document and describe the evidence examined, the representations considered, the references and precedents used, and the reasoning leading to all conclusions. The more complex or disputed the matter, the more comprehensive the working paper documentation should be.

2830 Significance

Significance is a key aspect of enforcement audit reporting. Note that significance in enforcement audits is not the same as significant as it relates to compliance audits. Generally, enforcement audit reports include only matters of significance.

Significance is judged in relation to the reasonable prospect of a matter influencing the judgment or decisions of a reasonable party, and if so, the matter is worthy of inclusion in the report from the auditor. A reasonable party for the purposes of the FPB's enforcement audits is one that is interested in compliance and enforcement activities in the province. For example, factors that may influence the auditor's judgment as to what is significant in a particular circumstance might include the legislative, economic, social, or environmental impacts, as well as the degree of importance an event or situation holds for parties interested in enforcement of the Code.

Significance considerations will include but are not limited to the following:

- the audit criterion involved
- the severity of the consequences
- the environmental, social, and economic consequences of events or conditions
- the geographical area
- extent of deviation from prescribed or expected performance
- the frequency of occurrences or pervasiveness
- any evident public and local interest in the matter

Significance decisions are ultimately matters of professional judgment for the auditor.

2840 Significant non-compliance requirements

The FPB's *Compliance Audit Reference Manual* defines significant non-compliance with the Code as non-compliance with the Code assessed by the auditor to be significant. Significant non-compliance includes, but is not limited to, situations where non-compliance has resulted in harm to persons or the environment, even if remedial action has already mitigated the consequences of the non-compliance to a minor level. "Harm" for the purpose of the reference manual is defined as an adverse change from existing conditions, resulting from non-compliance.

In an enforcement audit, all conclusions of significant non-compliance with the Code that have been observed during the enforcement audit field work must be included in the report from the auditor (see 3240).

2850 *Significant breach requirements*

The *Forest Practices Board Regulation* section 1 defines significant breach as follows:

with respect to a party's level of compliance with the requirements of Parts 3 to 5 of the Act and the regulations and standards made in relation to those Parts, a breach of one or more of those requirements that has caused or is beginning to cause significant harm to persons or the environment....

Auditors should be thoroughly familiar with the concept of significant breach before undertaking any enforcement audit assignment. If an auditor identifies a probable significant breach, specific rules must be followed. Refer to the *Compliance Audit Reference Manual* for a list of the detailed steps that must be followed.

2860 *Limitations on planned audit scope*

If circumstances arise which preclude an auditor from completing all the planned audit work in an enforcement audit, the auditor should determine whether he or she has enough information and evidence to conclude on performance against the established audit criteria.

If the auditor has sufficient information and evidence, there is no scope limitation and an audit report may be issued. Such a course of action usually follows where the limitation(s) on planned audit work is relatively minor, does not involve higher risk areas or activities, or is susceptible to alternative, mitigating audit procedures.

If the auditor is unable to obtain sufficient appropriate audit evidence to form an audit conclusion, a limitation in scope exists. This may result in either a **qualified** conclusion or a **denial** of conclusion.

A qualified conclusion is appropriate where the limitation in scope prevents the auditor from obtaining sufficient appropriate audit evidence on certain criteria. A qualified conclusion must be explained fully in the audit report.

In those cases where the limitation(s) is so pervasive or significant that the auditor of record has no reasonable basis for forming an overall conclusion regarding a specific criterion, a denial of conclusion is appropriate for that criterion. This does not affect conclusions for other criteria.

The auditor of record should be informed of any scope limitation as soon as it is determined. It is the responsibility of the audit team and the auditee to attempt to remove scope limitation conditions. However, in some cases, unavoidable limitations may arise due to such factors as weather, ground conditions, seasonal factors, or other limitations imposed by auditee circumstances.

3000 Reporting

The FPB's objectives in reporting are to:

- report fairly and objectively;
- provide useful information to the public, the government, forest licensees, and other interested parties; and
- achieve a high degree of uniformity in its audits.

Enforcement audit reporting includes the following features:

- a long-form report incorporating the audit results for each criteria assessed
- an overall conclusion about the appropriateness of government's enforcement, including the basis of the conclusion

The audits may also consider factors beyond the control of the agencies. For instance, decisions made by other enforcement agencies, Crown Counsel and the courts have the potential to influence enforcement activity in a number of ways.

3100 Overview of the reporting phase

The reporting phase begins with a review of the audit findings, which includes consideration of any information and comments arising from the exit meeting. Based on this review, the auditor of record drafts the "Report from the Auditor." The draft report sets out the purpose, scope, and results of the audit and includes conclusions about the achievement of each criterion and an overall conclusion about whether the auditee is appropriately enforcing the Code. The auditee receives an opportunity to review and comment on the draft report. The auditor must consider the auditee's comments before finalizing and submitting the report to the Board.

The Forest Practices Board receives the final report from the auditor and considers whether any party or person may be potentially adversely affected. Any such party or person must be given an opportunity to make representations to the Board. The Board's policy "[*Selection of Oral or versus Written Representations under Section 182*](#)" is provided to any potentially adversely affected party or person. Generally, the Board will request written representations, unless the circumstances support the need for an oral hearing (see section **3310**).

The Board reviews the report from the auditor and carefully considers any representations before preparing its "Report from the Board," which includes the Board's conclusions with reasons and any recommendations. Based on the conclusions and recommendations, the Board may conduct additional representations before the report is finalized.

Both the Board report and the auditor's report are released at the same time, in one document along with a section detailing the audit process.

3200 Report from the Auditor

3210 Auditor reporting phase

Following the auditor of record's review of the audit findings, which includes consideration of any information and comments arising from the exit meeting, the report from the auditor is drafted and forwarded to the auditee for comment.

A draft report from the auditor must be provided to the auditee for review, and the auditee should acknowledge that the audit findings contained in the report have been discussed. Similarly, any individuals other than the auditee that are identified in the draft auditor's report must be provided an opportunity to review and comment on the draft report from the auditor.

The auditee and other comments are analyzed and a rationale for making changes or not making changes to the report is prepared. Once the report from the auditor has been finalized, the final report, accompanied by a transmittal letter, is submitted to the Board. The Board is required to publicly release the final report from the auditor within 90 days of receipt of the report by the Board (reference section 5(a) of *Forest Practices Board Regulation*). If the Board is unable to release the final report from the auditor within 90 days of its receipt, a request is made to the Minister of Forests for an extension to the release date.

3220 Format of the Report from the Auditor

The report from the auditor should identify the criteria and describe the findings sufficiently to allow readers to understand the basis upon which the auditor of record formed his or her overall conclusion about the appropriateness of government's enforcement. The conclusions should be clearly stated in the report from the auditor and should be related to the objectives and scope of the audit and should follow logically from the description of the criteria and findings.

The format of a standard report from the auditor is as follows:

1. **Introduction** - This section provides the context for the audit. It should contain, although is not limited to, a general description of the following:
 - the party or parties being audited;
 - significant administrative features of the audit area (e.g., forest district, allowable annual cut, total land area in hectares);
 - the type of audit (full or limited scope);
 - the number, type and scale of licences in the area;
 - a geographic description of the audited area; and
 - a description of the operating environment, such as:
 - status of higher level plans in the area;
 - the physical lay of the land (e.g., steep or unstable terrain, sensitive soils, high value fish streams);

- forest management issues (e.g., community watersheds, forest pests or diseases, wildlife habitat needs); and
- economic and social challenges particular to the audit area (e.g., recreation or tourism values, archaeological values, visual quality objectives).

Note: A quality map of the area subject to the audit must be attached.

2. **Audit Scope and Approach** - This section describes and itemizes the compliance and enforcement practices subject to audit, identifies the period subject to audit, identifies each of the government agencies audited, and details the legislation and audit criteria against which the compliance and enforcement activities were assessed. The number and type of units sampled and any specific focus is identified, as well as any limitations in the scope.

The audit methodology and approach is outlined and the main assessment criteria are summarized in this section.

3. **Overall Conclusions** - This section deals with the auditees' overall appropriateness of enforcement under Part 6 of the Act and should contain:
 - for each government agency audited, a conclusion about whether it is appropriately enforcing the Code
 - the main aspects or results for those criteria leading to the auditor's overall conclusion
 - any observations of significant non-compliance with the Code
 - any observations of significant breach of the Code
4. **Detailed Findings and Conclusions** - This section includes the detailed findings and conclusions of the audit for each assessment criteria. For each criterion, the report should contain:
 - a description of the activities and processes identified as relevant to the achievement of the criterion
 - the results of the audit procedures performed
 - the main conclusion about the achievement of the criterion

In some cases, it will be relevant to comment on positive aspects of performance, or aspects that contribute to the level of enforcement performance. Thus a more comprehensive form of reporting is necessary to provide precision, fairness and, where applicable, balance.

5. **Other comments arising from the audit relating to issues that are not the responsibility of the auditee** - This section, if included in the report from the auditor, should comment on items noted through the course of the audit that are considered to be out of the ordinary, but are not considered to be the responsibility of the auditee. These items must have relevance to the public.

3230 *Audit timing and dating the Report from the Auditor*

Enforcement audits cover a particular period or periods of time. The audit time period will be stated in the scope section of the report from the auditor. Unless instructed otherwise by the FPB, auditors are not required to review events taking place outside this period.

The date on the report from the auditor should be the date the report was submitted to the Board and is an indication of the time up to which the auditor of record has studied information and results from the audit for the purposes of forming his or her conclusion. Events occurring or information becoming available after the date of the audit report should not form part of the evidence leading to the auditor of record's conclusions. The date that the Board receives the final report from the auditor will be applied for the requirements of section 5 of the *Forest Practices Board Regulation* (the release of the final audit report).

3240 *Disclosure requirements*

The information that should be disclosed for all significant non-compliances and significant breaches should include, but is not limited to:

- a description of the event or condition (nature, size, and magnitude, specific Code requirement reference, and reason for “significance”)
- the main section of the Code that the significant non-compliance or breach relates to
- an account of the remediation undertaken, if any
- a description of the actions taken by regulatory agencies, if any

3300 *Report from the Board*

The report from the Board sets out the Board’s conclusions with reasons and may include recommendations based on the audit findings and any representations from adversely affected parties. After reviewing the findings and the report from the auditor and considering any representations made by potentially adversely affected parties, the Board completes its own report.

The Board may make any recommendations it considers necessary under section 185 of the Act, including specific actions that the licensee and/or regulatory agencies should take to address the results of the audit. The Board may request, under section 186 of the Act, that the Board be notified of actions taken or proposed to address recommendations made in the report from the Board.

The Board must communicate the audit conclusions with reasons and recommendations (if applicable) to the auditee and the public in the report from the Board. The news release and the transmittal letter from the Board to the auditee are also mechanisms that may be used to communicate with the public. The report from the Board and the news release are publicly distributed while the transmittal letter from the Board to the auditee is available upon request.

The report from the Board is included in a document with the report from the auditor.

3310 Board reporting phase

The final report from the auditor is used by the chair to determine if there are any potentially adversely affected parties (section 182 of the Act).

Once the chair decides a party may be adversely affected, the Board must provide that party with the opportunity to make representations. The legislation also provides the Board the discretion to decide whether the form of representations will be oral or written. It is important that the Board ensure consistency in exercising its discretion regarding the format (oral or written) of representations.

The Board will consider the following questions when making decisions as to whether to conduct oral or written representations under section 182 of the Act:

- a) What is the impact of the decision on the person?
- b) Is there contradictory evidence?
- c) Does the case involve complexity, or consideration of maps and photos that requires discussion between parties and decision-maker?
- d) Will significant new information become available through oral hearings that would otherwise not become available? Is there a reason it was not brought forward earlier in the process?
- e) Will a written proceeding save time and money for the adversely affected parties and the Board members?
- f) What is the degree of urgency in completing the report? What is the impact on other Board priorities and workload? What is the impact on Board time and resources?
- g) Did the person involved request an oral or written hearing, and provide sound reasons for it?
- h) Does the person have an ability to prepare and present a written argument?

The Board will generally support written representations unless the above factors support an oral hearing. In all cases, the Board will choose a representation that is fair to the adversely affected parties. Section 182 oral hearings are not normally open to the public because of concern for the reputation of the persons involved.

Potentially adversely affected parties are sent a copy of the final report from the auditor as the basis for making representations to the Board, as required by section 182 of the Act. Affected parties are generally allowed three weeks to prepare and submit representations although the executive director may, for good reasons, extend this time.

The Board chair considers the final report from the auditor to determine the size of the Board panel for the audit, using the Board's policy *Panels of the Board*.

The Board panel considers the final report from the auditor and any representations, and prepares its draft report. On the basis of its report, the Board panel considers whether any additional representations are required. After all representations are considered, the Board panel finalizes its report, which may contain recommendations as per section 185 (2) and (3) of the Act.

The Board may request that the auditee, and possibly one or more licensees, report back to the Board on the actions taken to address the recommendations in the report (section 186 of the Act). Depending on the nature

and complexity of the recommendations, the auditee and other licensees (as applicable) are given a reasonable time to respond to recommendations.

A document comprising the report from the Board, a section detailing the audit process, and the report from the auditor is publicly released, with the auditee receiving a copy seven days in advance of public release.

The report from the Board, the report from the auditor, and the news release are generally publicly released within 30 days of the Board's receipt of the final auditor's report if there are no representations. For audits where there are representations, the reports and news release will be published at a time that reflects the complexity of the audit issues and the Board's analysis of the representations.

3320 *Follow-up Phase*

In cases where the Board has chosen to apply sections 185 and 186 of the Act, the auditee's and other licensee's responses to the recommendations will be reviewed by the Board chair.

After considering the auditee's or other licensee's response to the Board's recommendations, the Board may choose to follow-up with the auditee or licensee with additional correspondence, possible visits to the agencies or licensees offices, or site visits to the specific area(s) in question.

If no action is taken with regards to the recommendations that the Board considers appropriate, the Board chair may submit a report on the matter to the ministers and the Lieutenant Governor in Council (section 187 of the Act).

4000 Criteria of Appropriate Enforcement

This section sets out the Board's technical framework for conducting audits of the appropriateness of government enforcement of the Code. The framework is built around criteria representing reasonable expectations for the performance of various elements of government's enforcement organization and processes.

The enforcement process adopted by government agencies can be viewed as occurring in the following phases: setting context and expectations through approval of operational plans; preventive activities (such as communication); planning inspections (involving determining the scope of forest activities and assessing their risk); inspections, investigations and determination, and follow-up actions. There are also matters of direction, organization and staffing; agency interaction; and performance reporting.

The sections below present the areas to be addressed in each of nine main criteria. In each case there is a main criterion to be examined, and a number of subsidiary criteria relating to performance of each enforcement phase or function.

4100 Knowledge of business

Audit Criterion – Government agencies obtain, use and maintain adequate information on the forest activities subject to enforcement.

In order to undertake compliance and enforcement activities with assurance that the right activities are being examined, government agencies must be informed of the forest activities taking place in the district. If the agencies are not aware of all activities in the field, there is little chance that the activities will be inspected, and there is an increased chance that non-compliance with the Code will not be identified and addressed.

The Code does not require licensees to notify government of the commencement of forest practices. Government agencies must therefore define and communicate their information needs.

Government agencies will be examined to determine whether:

- they have defined the activities of interest
- they obtain sufficient, accurate and timely information from parties engaged in forest practices
- information is received in sufficient detail to allow for informed assessment
- information is received for all applicable functions (harvesting; road construction; road deactivation; various silviculture phases; range; fire and pest management; and roads and right-of-ways relating to mining and oil and gas)
- they have mechanisms to ensure the receipt of such information, and to assess the status of such information
- the information is maintained in a form that allows reasonable reference and update
- parties inform the agencies of changes to information provided
- the information is used in inspection planning

4200 Risk assessment

Audit Criterion – Government agencies have an effective way of identifying risks associated with forest activities and utilizing risk in inspection planning.

Once government agencies have determined the activities eligible for inspection, they need an effective method of determining where to place their inspection efforts. Because they cannot inspect all forest activities conducted by all parties, they need a way to allocate their resources to minimize the risk that impacts to the environment are not detected. A risk assessment or similar process would be a preferred method of analysis. It is feasible that other methods could also work.

Government agencies will be examined to determine if:

- they have a formal risk assessment or inspection prioritization process
- the assessment process includes consideration of all relevant risk factors, including past performance, inherent (terrain etc) risk, and geographic isolation
- the risk or prioritization process is documented
- they use all reasonable, relevant information, and only relevant information
- they follow relevant policy or guidance
- information is used to target higher-risk phases of operations
- moderate and low-risk activities still receive a sufficient level of inspections
- there is a monitoring plan (the application of the risk assessment or prioritization process is documented), which is approved at the appropriate level
- inspection results are used to amend the risk assessment or update the monitoring plan
- processes are reasonably efficient
- there is a reasonable relationship between the plan and available resources
- there is compliance with the monitoring plan

4300 Inspections

Audit Criterion – Government agencies conduct a sufficient number of inspections, in a fair, objective and effective way, and accurately record and report results.

Inspections are the primary tool for assessing forest practices. The effective conduct of inspections enables government to assess the results of forest practices, identify potential contraventions of the Code, and initiate both corrective and enforcement actions. Weaknesses in inspections could result in impacts to the environment not being detected, significantly reducing government's ability to appropriately enforce the Code.

Government agencies will be examined to determine whether:

- there is an established inspection policy and procedure
- inspections are performed by staff with the required expertise and authority
- staff are fully prepared for each inspection
- licensees are notified, as appropriate
- inspections are conducted in a fair, objective and reasonable way
- inspections accurately and completely portray the ground conditions and results of forest practices, both for compliance and non-compliance
- inspection forms are properly and consistently used
- inspections address the main risks in each activity
- inspections are conducted in accordance with the plan selections
- inspections result, where applicable, in an appropriate action (such as an investigation) or decision (such as a stop work order)
- inspections cover a reasonable proportion of each type of activity, each party engaged in forest practices, each significant resource feature (fish streams, terrain etc.) and each geographic area
- the number of inspections is sufficient yet not excessive
- documentation of inspections is adequate (clear, sufficient), including conclusions (re: non-compliance), actions taken and any follow-up action required
- inspection information is properly recorded, maintained and available
- where an inspection identifies remedial or corrective action required, agencies conduct effective follow-up

4400 Investigations

Audit Criterion – Investigations are conducted in all applicable situations and only when warranted. They are performed in a fair, objective and consistent way, and are accurately recorded and reported.

Investigations are the primary tool for an in-depth examination pursuant to the identification of suspected or alleged non-compliance with the Code. In many cases, the investigations will result from completion of an inspection, but they also can be initiated through other means such as self-reporting or public complaints.

Government agencies will be examined to determine whether:

- there is an established and (legally) appropriate investigation process (policy and/or procedure)
- investigations are conducted in a fair, objective and reasonable way

- they are initiated in all applicable situations
- public complaints are assessed and followed up in an appropriate way
- the investigation process used is consistent and in accordance with policy
- investigations address the alleged/suspected non-compliance
- they are performed by staff with the required expertise, experience and authority
- documentation of investigations is adequate (clear, sufficient), including conclusions about the alleged contravention and any follow-up action.
- investigation information is properly recorded
- investigations are completed efficiently and in a reasonable timeframe

4500 Determinations, decisions and follow-up

Audit Criterion – Determinations are made in all applicable situations and only when required. They are performed in a fair, objective and consistent way, and are accurately recorded and reported.

The investigation process ends with a decision by the investigator that there is, or is not, a contravention, and whether follow up is required. We define this as a decision so as not to confuse terminology, but it is equivalent to a determination for the purposes of assessing this criterion. In addition, senior officials under the Code may make formal determinations of non-compliance with the Code.

Government agencies will be examined to determine whether:

- there is an established and (legally) appropriate determination process (policy and/or procedure)
- determinations are made in a fair, objective and reasonable way
- they are initiated in all applicable situations
- the determination process used is consistent and in accordance with policy
- they are made by officials with the required expertise, experience and authority
- officials use only relevant information in the determinations
- officials consider (or demonstrate their consideration of) the decision criteria required in section 117 of the Code
- the type and severity of sanction is consistent with prior decisions (locally and elsewhere)
- documentation of determinations is adequate (clear, sufficient)
- determination information is properly recorded

- determinations are completed efficiently and in a reasonable timeframe

4600 Setting context and expectations

Audit Criterion – Agencies establish, through operational plan approval and related processes, expectations for forest practices which are enforceable and in accordance with the Code.

In addition to the Code itself, there are other ways in which expectations are set for the forest activities that are subject to enforcement. These include higher level plans, the operational plan approval process and other locally agreed-upon plans, and other processes and relationships established between the agencies and the licensees. The enforcement audit process recognizes the place of these procedures and plans as preventive enforcement activities.

Through operational plan approvals and related processes, district managers and designated environmental officials establish rules and expectations for licensee performance that can have a major influence on licensee behaviour.

Similarly, where there are higher level plans in place, or other information that could be considered to be known information for the purpose of plan approvals, then the place of these plans in setting context will also need to be considered.

Enforcement audits do not assess the operational plan approval process. However, enforcement audits do assess whether approved operational plans are clear, enforceable and in accordance with the significant requirements of the Code.

Beyond formal plan approvals, there may be expectation-setting and communication processes that have an impact on the standard of forest management. For these broader context-setting processes, enforcement audits assess the appropriateness of these rules and expectations through examining their impact on subsequent compliance and enforcement activity and results. Any other preventive activities undertaken by agencies, and the way in which relationships are established with licensees, are also considered in the audit.

Government agencies will be examined to determine whether:

- prescriptions and provisions in approved site plans are clear and unambiguous
- prescriptions and provisions in approved site plans can be enforced (are specific and measurable)
- adverse ground results are not caused or contributed to by weak or inappropriate plans
- the expectations established are appropriate (legally valid, fair and reasonable, sufficient, consistent)
- agencies have processes for communication with forest operators
- expectations and other enforcement matters are clear, unambiguous and effectively communicated with forest operators

4700 Direction, organization and staffing

Audit Criterion – There should be organizational structures, policies and processes that contribute to and support appropriate enforcement of the Code.

Effective organizational structure, policy and management direction, staffing, and control are necessary to support appropriate enforcement of the Code.

Government agencies will be examined to determine whether:

Organizational structure

- roles, responsibilities and interactions within and between the agencies have been defined, agreed upon and documented
- the organizational model for enforcement adopted by the local unit is approved and working as designed
- the organization and approach addresses the potential for conflicts of interest, and influence
- the human, physical and financial resources required have been identified and applied at each level within the regulating agencies
- staff performing enforcement functions have been assigned the proper authority
- specialist assistance is available and used when required
- the organizational model adopted does not result in inefficiencies or ineffective enforcement

Policy and Management Direction

- policy guidance exists, and is reasonably complete and communicated
- policy is consistent with objectives and targets
- authority, responsibility and accountability is clearly defined and documented
- local management establishes clear and reasonable expectations for the operation of the enforcement function

Staffing

- the knowledge and skills necessary to achieve enforcement objectives are defined
- training needs are identified and provided for
- there are mechanisms to ensure that appropriate training is provided to all C&E personnel
- staff conducting enforcement activities have the appropriate expertise and training

- staff receive the information and resources necessary to fulfil their assigned responsibilities
- there is an appropriate level of supervision to aid in training and ensure consistency

4800 Agency interaction

Audit Criterion – The decisions and actions of different parts of government responsible for enforcement of the Code are appropriate and coordinated.

Effective interaction at the local offices of agencies responsible for enforcing the Code is necessary to ensure that no significant gaps in enforcement arise.

Government agencies will be examined to determine whether:

- respective roles, responsibilities and interactions have been defined, agreed and documented (primarily at the local level)
- communication and referral within and between agencies takes place and is coordinated and effective
- staff receive the information necessary to perform their assigned responsibilities
- interaction within and between agencies is evident and contributes to appropriate enforcement
- there are no significant gaps in enforcement or duplication of agency effort

4900 Defining, measuring and reporting on performance

Audit Criterion – Reporting systems provide adequate information on agency performance in relation to enforcement objectives.

In order to ensure the effectiveness of C&E, agencies need to be able to judge their performance by establishing objectives and intended outcomes, and then measuring performance through the use of performance indicators and reliable reporting systems.

Government agencies will be examined to determine whether:

- enforcement objectives are established and communicated
- enforcement objectives are clear, appropriate, understood and reflected in local plans and approaches
- measurable targets and/or performance indicators are used to assess performance
- performance indicators are objective, verifiable, reasonable and attainable
- systems are in place for measuring and monitoring against plans
- processes are in place to ensure the reliability of reported data

- performance reports are complete, relevant, accurate, timely and useful
- information reported is used to evaluate performance in relation to strategic objectives and outcomes
- public reports are complete, relevant, timely and useful