



**Forest
Practices
Board**

Audit of Forest Planning and Practices

*Little Prairie Community Forest Inc.
Community Forest Agreement K2N*

FPB/ARC/197

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Audit Results

Introduction

The Forest Practices Board is the public's watchdog for sound forest and range practices in British Columbia. One of the Board's roles is to audit the practices of the forest industry to ensure compliance with the *Forest and Range Practices Act* (FRPA) and the *Wildfire Act* (WA).

As part of its 2016 compliance audit program, the Board randomly selected the Peace Natural Resource District for the location of a full scope compliance audit. The Board selected both community forest agreements in the district for audit. This is the audit report for Community Forest Agreement K2N, held by the Little Prairie Community Forest Inc. (LPCF). Results for the other community forest agreement are reported separately.

This report describes what the Board audited and the results. Detailed information about the Board's compliance audit process is provided in Appendix 1.



Overlooking the Little Prairie Community Forest towards Moberly Lake.

Background

Community forests are area-based forest tenures that give communities exclusive rights to harvest timber while managing forest values such as recreation, wildlife, water and scenic areas.

The LPCF is a cooperative venture between the District of Chetwynd, the Saulteau First Nations and the West Moberly First Nations. In 2012, government awarded the LPCF a community forest agreement with a 25-year term and the right to harvest 20000 cubic metres of timber per year. The 12 579-hectare community forest is located north of Chetwynd and south of Moberly Lake. A map of the community forest appears on page 2.

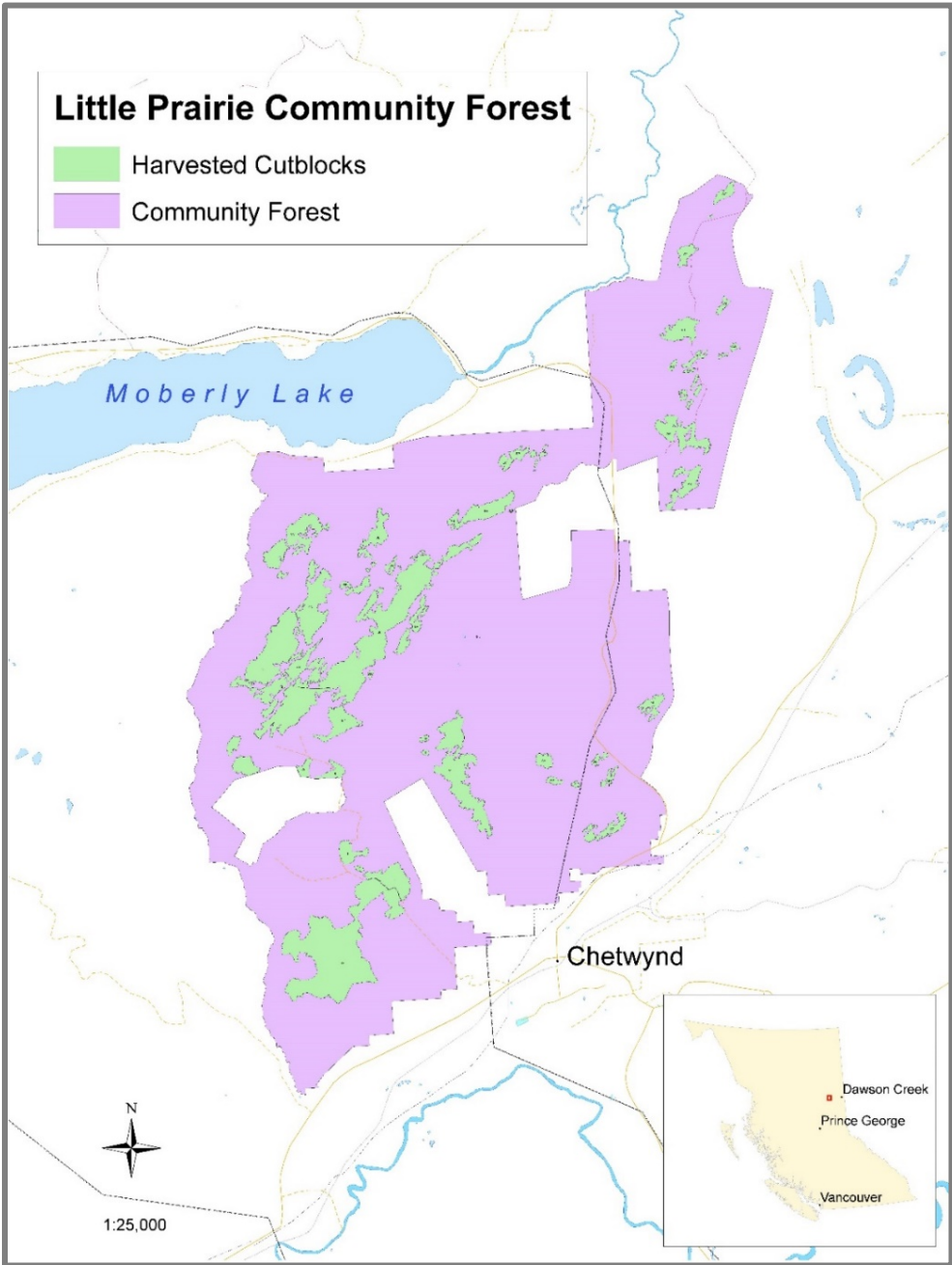
Most of the trees within the community forest were lodgepole pine that were killed by the mountain pine beetle infestation. In July 2012, the LPCF signed a five-year pine salvage agreement with Chetwynd Forest Industries (CFI), a division of West Fraser Mills Ltd. CFI carried out the planning and practices that were subject to this audit.

In 2014 and again in 2015, government increased the allowable annual cut to expedite the salvage of dead pine. At the time of the audit, LPCF had harvested just under 500 000 cubic metres of timber in

total. Approximately 75 percent of that volume was lodgepole pine. Most of the available mature timber has now been harvested, and the LPCF board is pursuing expansion of the community forest agreement with government.

As the community forest is close to Chetwynd and Moberly Lake, protection of cultural and archaeological features, recreational use (especially trails), and visual quality are important issues for the community.

Map of the Audit Area



Audit Approach and Scope

This was a full scope compliance audit with a two-year timeframe. All activities carried out between September 1, 2014, and September 28, 2016, were subject to audit, including harvesting, roads, silviculture, wildfire protection and associated planning.

Auditors assessed these activities for compliance with FRPA, the WA, and applicable regulations. Auditors' work involved interviewing staff, reviewing the forest stewardship plan and site plans, assessing silviculture records, and field visits. Field sites were accessed by truck and a helicopter overview was completed.

The standards and procedures used to carry out this audit are set out in the Board's *Compliance Audit Reference Manual, Version 7.1, July 2016*.

Two forest professionals, one professional engineer, and a chartered professional accountant made up the audit team. The team was in the field from September 26 to 28, 2016.

Planning and Practices Examined and Findings

Operational Planning

CFI amended its forest stewardship planⁱ (FSP) in 2012 to include Community Forest Agreement K2N. The FSP remains in effect until 2018.

Auditors examined the FSP and stand-level site plans to ensure that they met legislative requirements and government orders regarding old growth and wildlife habitat. Auditors also considered site plans during harvesting, road and silviculture field sampling to ensure that they accurately identified site conditions.

There were no concerns with operational planning. The FSP and site plans were consistent with FRPA requirements.

Timber Harvesting

CFI harvested 45 cutblocks during the audit period. Auditors examined 41 cutblocks on the ground and the remaining 4 from the air.

Harvesting conformed to operational plans. The site plans accurately identified resource features and specified how those features would be protected. Archaeological features and recreational trails were accurately mapped. These features were protected from disturbance by stubbed trees signifying machine-free zones. Streams were accurately mapped and protected in accordance with requirements.

CFI focussed on retaining what green trees remained. Deciduous trees and advanced natural regeneration were retained where safe and practicable and wildlife tree patches were retained as prescribed.

Most harvesting took place on snow-covered and frozen ground and, as a result, there was minimal soil disturbance on sensitive soils.

A significant portion of the community forest is visible from Moberly Lake and Highway 97 as it approaches Chetwynd from the east. CRI carried out detailed landscape modelling and consulted extensively with the community before laying out cutblocks. Visual quality objectives were addressed effectively through a combination of orientation of block boundaries, strategic location of wildlife tree patches, and tree retention. For two cutblocks, the “retention” visual quality objective was not met. This was permitted because the district manager granted the LPCF an exemption from specifying results and strategies for visual quality objectives. Considering the scope of the mountain pine beetle infestation, visual quality management was well-done.

In summary, there were no concerns with harvesting and all activities complied with the requirements of FRPA.

Road Construction, Maintenance and Deactivation

CFI built and maintained 125 kilometres of road during the audit period. Seventy-eight kilometres of that amount was also deactivated during the audit period. The remaining 47 kilometres of road will continue to be used in the future. Auditors examined a total of 96 kilometres, or 76 percent, of road on the ground and from the air.

Most in-block roads were built during the winter and disturbance was minimal. Deactivation was well done—culverts were removed and natural drainage patterns maintained.

There are currently no bridges within the community forest.

In summary, there were no concerns with road construction, maintenance or deactivation.

Silviculture Activities and Obligations

CFI planted 2.158 million trees during the audit period. With the exception of a few small areas where piles need to be burned, all cutblocks were planted. Sheep were used to control brush on a 200-hectare portion of one cutblock, and another 18-hectare portion of a cutblock was aerially sprayed with herbicide to control brush. Auditors examined all of these cutblocks.

All planted cutblocks met the chief forester’s guidance for seed transfer, meaning that sites were planted with trees grown from an appropriate seed source. The community forest agreement was awarded in 2012, therefore there are no regeneration or free-growing obligations due yet.



In summary, there were no concerns with silviculture activities or obligations. Field observations and a review of relevant records indicate a well-run silviculture program.

Grazing sheep controlling brush on a Little Prairie Community Forest cutblock

Wildfire Protection

The WA requires licensees to be adequately prepared for a wildfire, and sets out the requirements for fire hazard assessment and abatement.

Fire Preparedness

Auditors encountered one active site where a worker was deactivating roads. The worker was adequately prepared for a wildfire and knowledgeable about fire prevention requirements.

Fire Hazard Assessment

The WA requires licensees to assess the fire hazard, including an assessment of the fuel hazard and its associated risk of a fire starting or spreading. CFI assessed fire hazard for the cutblocks in the harvest population.

Fire Hazard Abatement

Slash was either piled or piled and burned on all cutblocks. There were no issues with hazard abatement.

Audit Opinion

In my opinion, the operational planning, timber harvesting, road construction, maintenance and deactivation, silviculture, and fire protection activities carried out by Chetwynd Forest Industries for the Little Prairie Community Forest Inc. on community forest agreement K2N between September 1, 2014, and September 28, 2016, complied in all significant respects with the requirements of the *Forest and Range Practices Act*, the *Wildfire Act* and related regulations, as of September 2016.

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

The *Audit Approach and Scope* and the *Planning and Practices Examined* sections of this report describe the basis of the audit work performed in reaching the above conclusion. The audit was conducted in accordance with the auditing standards of the Forest Practices Board including adherence to the auditor independence standards and the ethical requirements, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. Such an audit includes examining sufficient forest planning and practices to support an overall evaluation of compliance with FRPA, and WA.



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Victoria, British Columbia
November 29, 2016

Appendix 1: Forest Practices Board Compliance Audit Process

Background

The Forest Practices Board conducts audits of government and agreement-holders under the *Forest and Range Practices Act* (FRPA), section 122, and the *Wildfire Act* (WA). Compliance audits examine forest or range planning and practices to determine whether or not they meet FRPA and / or WA requirements.

Selection of Auditees

The Board conducts about eight or nine compliance audits annually. Most of these are audits of agreement holders. The Board also audits the government's BC Timber Sales Program (BCTS). This section describes the process for selecting agreement holders to audit.

To begin with, auditors randomly select an area of the Province, such as a district. Then the auditors review the forest resources, geographic features, operating conditions and other factors in the area selected. These are considered in conjunction with Board strategic priorities (updated annually), and the type of audit is determined. At this stage, we choose the auditee(s) that best suits the selected risk and priorities. The audit selections are not based on past performance.

For example, in 2010, the Board randomly selected the Mackenzie district as a location for an audit. After assessing the activities within that area, we discovered that a large licensee had recently closed operations due to financial problems. As the Board has expressed concern in the past about financially strapped companies failing to meet outstanding obligations, such as reforestation and road maintenance, and we knew that some of the licence area is very remote, the new licence holder was selected for audit.

For BCTS audits, a district within 1 of the 12 business areas within the province is selected randomly for audit.

Audit Standards

Audits by the Board are conducted in accordance with the auditing standards developed by the Board. These standards are consistent with Canadian generally accepted auditing standards. The standards for compliance audits are described in the Board's *Compliance Audit Reference Manual*.

Audit Process

Conducting the Audit

Once the Board randomly selects an area or district and determines the scope of audit to be conducted and the licensee(s) to be audited, all activities carried out during the period subject to audit are identified (such as harvesting or replanting, and road construction or deactivation activities). Items that make up each forest activity are referred to as a population. For example, all sites harvested form the timber harvesting population and all road sections constructed form the road construction population.

A separate sample is then selected for each population (e.g., the cutblocks selected for auditing timber harvesting). Within each population, more audit effort (i.e., more audit sampling) is allocated to areas where the risk of non-compliance is greater.

Audit fieldwork includes assessments of features using helicopters and ground procedures, such as measuring specific features like riparian reserve zone width. The audit teams generally spend one week in the field.

Evaluating the Results

The Board recognizes that compliance with the many requirements of FRPA and WA, is more a matter of degree than absolute adherence. Determining compliance, and assessing the significance of non-compliance, requires the exercise of professional judgment within the direction provided by the Board.

The audit team, composed of professionals and technical experts, first determines whether forest practices comply with legislated requirements. For those practices considered to not be in compliance, the audit team then evaluates the significance of the non-compliance, based on a number of criteria, including the magnitude of the event, the frequency of its occurrence and the severity of the consequences.

Auditors categorize their findings into the following levels of compliance:

Compliance – where the auditor finds that practices meet FRPA and WA requirements.

Unsound practice – where the auditor identifies a significant practice that, although found to be in compliance with FRPA or WA, is not considered to be sound management.

Not significant non-compliance – where the auditor, upon reaching a non-compliance conclusion, determines that one or more non-compliance event(s) is not significant and not generally worthy of reporting. However, in certain circumstances, events that are considered not significant non-compliance may be reported as an area requiring improvement.

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

Significant breach – where the auditor finds that significant harm has occurred, or is beginning to occur, to persons or the environment as a result of one or many non-compliance events.

If it is determined that a significant breach has occurred, the auditor is required by the *Forest Practices Board Regulation* to immediately advise the Board, the party being audited, and the Minister of Forests, Lands and Natural Resource Operations.

Reporting

Based on the above evaluation, the auditor then prepares a draft audit report. The party being audited is given a draft of the report for review and comment before it is submitted to the Board.

Once the auditor submits the draft report, the Board reviews it and determines if the audit findings may adversely affect any party or person. If so, the party or person must be given an opportunity to make representations before the Board decides the matter and issues a final report. The representations allow parties that may potentially be adversely affected to present their views to the Board.

The Board then reviews the draft report from the auditor and the representations from parties that may potentially be adversely affected before preparing its final report. Once the representations have been completed, the report is finalized and released: first to the auditee and then to the public and government.

ⁱ A forest stewardship plan (FSP) is a key planning element in the FRPA framework and the only plan subject to public review and comment and government approval. In FSPs licensees are required to identify results and/or strategies consistent with government objectives for values such as water, wildlife and soils. These results and strategies must be measurable and once approved are subject to government enforcement. FSPs identify areas within which road construction and harvesting will occur but are not required to show the specific locations of future roads and cut blocks. FSPs can have a term of up to five years.



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