

What to Expect During A Board Compliance Audit

A guide for agreement
holders under the *Range Act*



**Forest
Practices
Board**

MAY 2016

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Introduction

The Forest Practices Board (Board) is British Columbia's independent forest and range watchdog. On behalf of the public, it monitors and oversees forest and range practices on public land. One of the main ways it does this is through field-based compliance audits of forest and range licensees.

The purpose of this guide is to help range agreement holders prepare for a Board audit by providing background information on the audit process. The guide also answers some frequently asked questions, such as how auditees are selected and what to expect during the audit, and provides examples of items reviewed by the auditors.

Important definitions

Ranchers who hold a *Range Act* licence or permit commonly refer to the area where they are authorized to graze or cut hay as their 'tenure'. However, to avoid confusion and to be consistent with references in the Range Act and the Forest and Range Practices Act, the following definitions are used:

- Range agreement – licence or permit issued under the *Range Act*
- Range agreement holder – holder of the agreement (i.e., the rancher)
- Range agreement area – area authorized under the *Range Act* for grazing or hay cutting

Frequently Asked Questions

What is a compliance audit?

A systematic process.

A compliance audit is a systematic process of objectively obtaining and evaluating evidence with respect to meeting the requirements of the *Forest and Range Practices Act* and the *Range Planning and Practices Regulation* and then communicating the results. A Board compliance audit examines forest and / or range planning and activities to determine if they are consistent with forest and range practices legislation and operational plans. These audits involve extensive fieldwork, and use standards that are consistent with those used in financial audits.

Why does the Board conduct compliance audits?

To provide public assurance and improve practices.

The Board was created to help assure the public that forest and range activities on Crown land in British Columbia follow legislation and warrant public confidence. If the Board identifies any areas of concern, its expectation is that this will not only result in the auditee addressing the problems and improving their overall management and administration, but will also inform and encourage others to do the same.

Where does the Board get its authority?

Legislation.

The *Forest Practices Board Regulation* requires the Board to carry out independent audits of parties operating on Crown land. A party is an individual or a company with a licence or permit that authorizes them to graze livestock or cut hay on Crown land.

Who is eligible to be picked for an audit?

Range Act agreement holders.

Any party that holds a *Range Act* agreement is eligible to be selected for an audit.

Auditors will check to see that livestock are not causing excessive damage to young trees in cutblocks.



How does the Board select range agreements to audit?

Selection is based on a number of factors, but past performance is not one of them.

First, the Board randomly selects two to three districts or timber supply areas (TSAs) from each of the three natural resource areas in BC (North, South and Coast). The auditors then review the forest and range resources, geographic features, activities and operating conditions in the district or TSA selected, as well as past audits in that district or TSA. These factors are considered along with the Board's operational and strategic priorities and the type of audit is determined. If the Board chooses to audit range within a district or TSA, auditors look at all the range agreements in the district or TSA and select agreements for audit based on risk factors (for example, the agreement areas include a lot of riparian areas or a high number of authorized AUMs per hectare).

How many compliance audits does the Board do each year?

Between 8 and 12.

The Board generally does two to three audits in each of the three natural resource areas and audits two BC Timber Sales programs. Some years it may be more or less depending on what other projects the Board is involved with that year. Of these 8 to 12 audits, usually only one would cover range agreements.

As a range licence or permit holder, what are the chances I will be selected for audit?

Less than 1 percent.

There are over 1200 active range permits and licences in BC. The Board may audit between 3 and 7 of these agreements each 1 to 2 years, so the overall chance of a range agreement holder being audited is small.

How does the Board select range agreements to audit?

Selection is based on a number of factors, but past performance is not one of them.

First, the Board randomly selects a district from each of the eight natural resource regions in BC. The auditors then review the forest and range resources, geographic features, activities and operating conditions in the district selected, as well as past audits in that district. These factors are considered along with the Board's operational and strategic priorities and the type of audit is determined. If the Board chooses to audit range within a district, auditors look at all the range agreements in the district and select agreements for audit based on risk factors (for example, the agreement areas include a lot of riparian areas or a high number of authorized AUMs per hectare).

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How often can an agreement holder be audited?

Every 5 years.

Once a range agreement is audited, the Board waits for five years before that agreement becomes eligible for audit again. Given the large number of range agreements provincially, it is unlikely that the same range agreement would be audited twice. However, a range agreement that has been audited could still be examined along with other range agreements in a special investigation or if was the subject of a complaint investigation. But these processes are different than an audit.

Once notified, can an agreement holder say no to the audit?

No.

The Forest and Range Practices Act requires the Board to conduct audits of government and agreement holders and in order to maintain the integrity of the program, Board policy is that once an agreement holder has been notified of the audit, the Board will carry out the audit, without exception.

Do agreement holders have to cooperate?

Yes.

The Forest and Range Practices Act requires agreement holders to comply with information requests from the Board. However, the Board prefers to work cooperatively with agreement holders.

Once notified, can the agreement holder change the timing of the audit?

On rare occasions.

Board audits are scheduled throughout the summer months to allow staff and contractors to efficiently conduct all of the audits scheduled for the year. By the time the Board notifies the agreement holder, the audit team is all set up for this timeframe. That being said, when the Board does get asked to change the timing, each case is considered on an individual basis and there have been exceptions.

Who does these audits?

Qualified professionals.

The Board must appoint auditors to carry out these audits. These auditors may be staff and/or contractors, but they all have years of range and/or audit experience, and include agrologists, biologists, engineers, foresters, chartered professional accountants or other professional designations.

Does the agreement holder have to pay for the audit?

No.

The cost of the audit, including staff and contract auditors, transportation including vehicles and helicopters (if required) are covered by the Forest Practices Board. That being said, auditees are expected to provide the required background information (e.g., range use plans, grazing schedules), and if possible, accompany the auditors in the field. Any associated costs are not covered by the Board.

How long will the field portion of the audit take?

Normally about one day.

An audit of a standard range agreement usually only takes one field day. However, the field time may increase if potential issues are noted and additional audit work is required, or if a specialist is required to assess a specific concern.

What should I do to prepare for an audit?

Gather documentation.

Auditors will request copies of the range plan, range plan maps and amendments to those documents. If available and the auditee agrees, we may also ask for other documentation like journal notes describing when livestock were moved between pastures. This additional information will help auditors understand how livestock are being managed on the agreement area. If the agreement holder is not able to send copies of required documents, like the range plan, we may be able to get those from district range staff.

Should I go with auditors in the field?

It is preferred, but not required.

Although agreement holders are encouraged to attend the field audit days, it is not a legal requirement. If the agreement holder is unable to attend the field audit, auditors will still arrange a meeting with the agreement holder to discuss what they saw and any potential issues found.

Do I need to provide information when asked?

Yes, for questions pertaining to legal requirements (i.e., Forest and Range Practices Act requirements).

The Forest and Range Practices Act (FRPA) requires agreement holders to comply with information requests from the Board, when those requests are related to a FRPA requirement. For example, asking when the agreement holder turned-out their livestock onto Crown range is directly related to compliance with the grazing schedule, which is a FRPA requirement.

The agreement holder is not required to volunteer information regarding the management of their range agreement area unless the information is directly related to requirements of FRPA. However, providing additional information may be helpful for auditors to understand what is found in the field.

How do auditors select the sites to visit?

Combination of audit planning and field identification.

Auditors will identify potential sites while planning the field audit, based on reviewing range plan maps, discussions with the agreement holder and information gathered from the natural resource district staff. Sites are selected based on the presence of features addressed by the Forest and Range Practices Act and the requirements of the range agreement – for example, riparian areas, upland areas, range developments and requirements for salting. Additional sample areas may be selected during the field audit, particularly if potential issues are identified.

Will I have a chance to discuss the findings during the audit?

Yes.

Auditors encourage agreement holders to be involved throughout the audit process. If asked, auditors will give their opinion about a potential issue, but a final decision about the significance of an issue can't be provided until after the analysis stage of the audit is completed.

Will auditors tell me how to fix issues?

No.

The auditors' objective is to assess the agreement holder's activities for compliance with legal requirements. Although the team will draw the agreement holder's attention to potential issues, they will not provide advice on how to correct those issues. This is better left between the agreement holder and district range staff.

How long until the final report is released?

Usually three to nine months.

While the Board strives to have all of its audits published as soon as possible, the timing of the report can vary dramatically based on how many potential issues are found and their significance, availability of the agreement holder and district range staff to meet and review information, etc.

Will I get a chance to see the report before it is released?

Yes, possibly several times.

All agreement holders will have an opportunity to review a draft report. If there are potential findings, the agreement holder will get a second opportunity to review the report through the representations process prior to publishing.

Will the audit report be made public?

Yes.

Every audit report prepared by the Board is first provided to the auditee at least seven clear days before it is released to the public and the Minister of Forests, Land and Natural Resource Operations. All Board reports are made available on our website once published: <http://www.bcfpb.ca>

Are all non-compliances seen during an audit reported?

Not necessarily.

There may be minor instances of non-compliance that are seen, but not considered worthy of inclusion in the audit report.

How do the auditors determine if a non-compliance is reportable?

Professional judgment.

The audit field team, including the Director of Audits, assesses all evidence gathered during the field work and analysis phases of the audit. The team, as a whole, discusses the potential issues and may get opinions from other professionals or staff members on their significance. In many cases, identifying a non-compliance is not that difficult, but determining if that non-compliance is significant, and therefore reportable, can be challenging. It often comes down to professional judgement.

Will I have to pay a fine if found to be in non-compliance?

No.

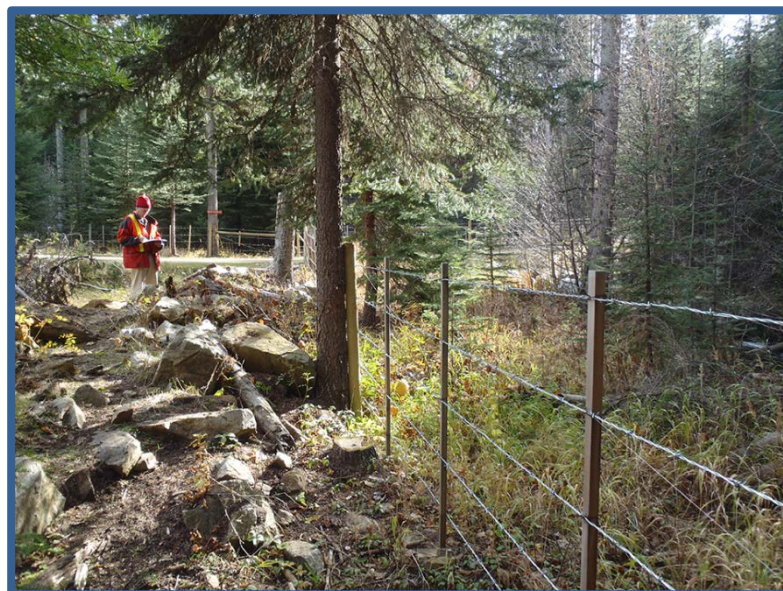
The Board cannot levy penalties, however, audit reports are made public and distributed to the relevant government ministers and professional associations, who may choose to take further action depending on the audit findings. It is possible that the Board and the Ministry of Forest, Lands and Natural Resource Operations' Compliance and Enforcement branch may be looking at the same issue, but only the Ministry can levy penalties or issue stop work orders.

Where does an agreement holder find more information about the Board's audit process?

Our website.

The Board's compliance audit reference manual is available on our website: <https://www.bcfpb.ca/board/policies/audits/compliance-audit-reference-manual-version-7/>

Auditors inspect range developments like fences and watering troughs to ensure they are being properly maintained.



What are the Steps in a Forest Practices Board Audit?

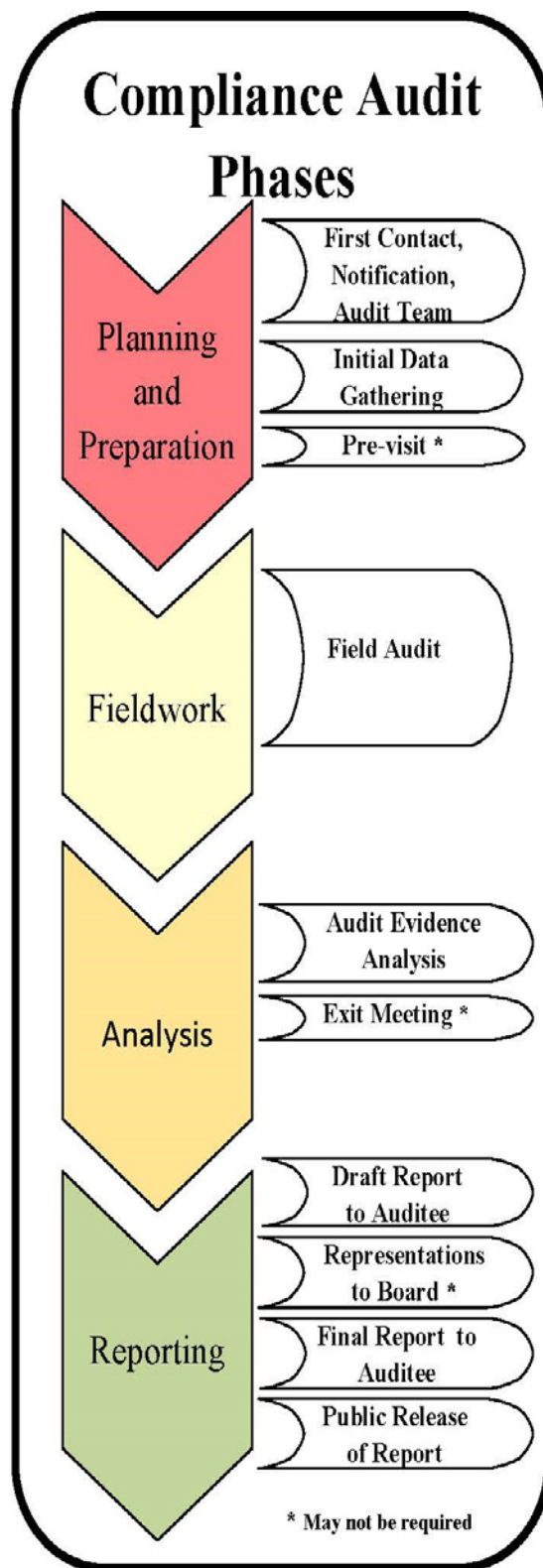
First Contact An agreement holder’s first contact with the Board will be a call from the Director of Audits letting them know that their permit(s) or licence(s) was selected for audit. The Director will let them know what activities will be examined, the time period (usually activities from the past year or two) and when the audit field work is planned. The Board's policy is to provide at least four weeks’ notice of an audit.

Notification Letter Soon after the Director's call, the agreement holder will receive a notification letter that describes the activities to be examined and the audit period, timing of the field work, identifies the audit team leader, and requests that the agreement holder provide the name of a contact person for the audit. The designated contact person may be the agreement holder or another person of their choosing.

The audit team leader will then call the designated contact person to discuss the audit process and to request the information required to conduct the audit.

Planning and Preparation Auditors need to determine what activities took place during the audit period. An auditor will ask the agreement holder for details about the grazing schedule, livestock numbers, pasture rotation, range developments, as well as relevant planning documents, such as the range use plan (or range stewardship plan), range plan map(s) and subsequent amendments. Auditors will compare the information provided with government information to verify plans and activities. Auditors may also review third-party information, such as compliance and enforcement records, to assist with risk assessments and selecting samples.

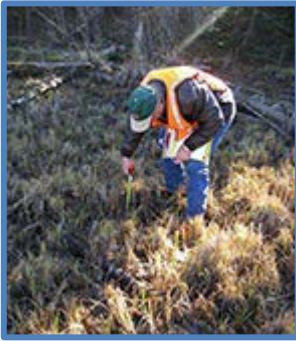
Auditors will select a variety of sites (called samples) with the intention of sampling key components covered by the *Range Planning and Practices Regulation* (RPPR), such as upland conditions, stubble height compliance in various pastures and riparian area management. Not all sample sites are identified at the planning stage. Auditors may also increase or decrease the number of samples depending on early indications of how the agreement area is being managed.



The Audit Team

The size of audit teams varies based on the amount of activity being audited. Team members may be agronomists, biologists, foresters, chartered professional accountants, or other professionals, and all will have expertise in auditing and/or range planning and practices. Some audits identify issues that require the advice of specialists with expertise in subjects such as livestock behaviour, plant identification, soils or biology. Those specialists are only brought in if required.

Fieldwork



The time required for fieldwork depends on the size of the agreement area and the number of issues identified. Typically, the time ranges from one to three days. Auditors will look at activities on the ground and sometimes from the air. Wherever possible, auditors prefer that a range agreement holder or their representative accompany them so they can discuss what they are seeing in the field.

Auditors may decide to look at more sites, or less, depending on what they see. They will determine if practices are meeting the range plan and practice requirements (rules that must be followed on the ground). Once auditors complete the fieldwork, they meet with the range agreement holder to discuss initial findings and obtain any additional information.

Analysis

The audit team analyzes and interprets the information to determine whether the audited range practices are in compliance with legal requirements and are achieving the desired outcomes. If required, the auditors will either meet with or call the range agreement holder and discuss the potential findings. This is called an exit meeting. Auditors may seek more information from the agreement holder during this stage.

Reporting

Once the auditors have assessed the information gathered during the field audit, conducted their analysis and met with the agreement holder (if required), they will prepare a draft report. The agreement holder will get a chance to review the draft report and provide comments.

Once the draft report is ready and has been formally signed by the Director of Audits, the Chair of the Forest Practices Board must decide if anyone might be adversely affected by the report—usually the range agreement holder. If so, the Chair will provide that party with an opportunity to provide comments. This process is called *making representations*.

The Board, represented by the Chair, a panel of Board members, or the full Board, considers the draft report and any representations from parties before making a final report. The final report may include a commentary from the Board and may include recommendations. The final report is released to the range agreement holder first, and then to the public and government via the Board's website. The Board may follow up on recommendations by asking the relevant parties to notify the Board of steps taken in response. If the response is inadequate, the Board can advise the government to consider further action.

Examples of Items Reviewed by Auditors

Common items audited include whether requirements, such as the grazing schedule and stubble heights in the range plan, have been followed, whether resource features such as riparian areas, fish habitat, upland areas, water used for drinking, and licensed waterworks have been protected, and whether range developments have been maintained (see *Range Planning and Practices Regulation* (RPPR) s. 29 – 33, 40). The following are examples of some typical items examined by auditors in each range compliance audit.

Adherence to the Range Plan

Board auditors will assess compliance with the range plan (it is a legally enforceable document). If the range agreement holder has varied from the range plan, auditors will determine if approval to amend the plan has been granted by the ministry. This includes, but is not limited to, changes in the grazing schedule, livestock rotation and livestock numbers/class. Auditors may assess whether the range agreement holder is complying with actions in the plan to address issues identified by the minister and whether the agreement holder is grazing in the authorized area.

Protection of Riparian Areas



Most range agreement holders know the location of streams, lakes and wetlands on their range agreement area and their important role in filtering water and providing habitat for wildlife. But agreement holders also know that livestock are dependent on these areas for watering and grazing. Therefore, it is important to consider the potential for livestock impacts to riparian areas and ensure that the Forest and Range Practices Act requirements for their protection are met.

Where they exist on the agreement area, auditors will frequently sample riparian areas to assess whether they have been impacted by range use. If they have been impacted, auditors will consider whether the agreement holder has taken action to reduce or minimize livestock impact, particularly in areas of historical heavy use.

Protection of Upland Areas

The *Forest and Range Practices Act* requires the protection of upland areas and requires that livestock be removed from grazing when a deterioration in plant community is likely. This is not the same as maintaining minimum stubble heights within a pasture (as referenced in range plans); rather, it is for any area that is being adversely impacted by livestock. Auditors will assess upland condition at field sample sites, along with the plant community present on these sites. Auditors will also measure stubble heights based on commitments made in the approved range plan.

Range Development Authorization & Maintenance

Auditors will review documentation to verify that the proper authorization was given prior to constructing and/or installing a range development. Auditors will also check maintenance of authorized range developments within the agreement area, including those constructed by government agencies, forest licensees and other stakeholders.

Documentation Although not a requirement, maintaining detailed documentation of livestock and range management is important. For example, if a range agreement holder has a written record that gates have been left open, it can assist auditors in understanding why livestock may be found out of rotation. It would also be important to note the date those livestock were moved back to the correct pasture. Items to document may include management of trouble areas (i.e., overuse of pastures, damage to riparian areas), range development issues (i.e., gates left open, fences cut), range development maintenance, turnout and round up dates of pasture moves. Documentation can include journal notes, email communication, plan amendments and phone conversation notes.

Useful Links



Forest Practices Board – <http://www.bcfpb.ca>

BC Cattleman’s Association website - <http://www.cattlemen.bc.ca/>

Ministry of Forests Lands and Natural Resource Operations range program information - <https://www.for.gov.bc.ca/hra/>

Links to Legal Information Legislation governing the Board and its work can be found at:
http://www.bclaws.ca/Recon/document/ID/freeside/10_15_2004a

Other legislative links:

Forest and Range Practices Act

http://www.bclaws.ca/EPLibraries/bclaws_new/document/ID/freeside/00_02069_01

Range Planning and Practices Regulation

http://www.bclaws.ca/civix/document/id/complete/statreg/19_2004



**Forest
Practices
Board**

Audit of Range Planning and Practices

*Range Agreements RAN073763, RAN074477,
RAN077890, RAN077784 and RAN077893
Rocky Mountain Natural Resource District*

FPB/ARC/225

March 2019

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Audit Results

Background

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 planning and practices of range agreement holders to ensure compliance with the *Forest and Range Practices Act* (FRPA).

As part of the Forest Practices Board's 2018 compliance audit program, the Board randomly selected the Rocky Mountain Natural Resource District as the location for a full scope compliance audit. Within the district, the Board selected five range agreements for grazing (RAN073763, RAN74477, RAN077890, RAN077784 and RAN077893) for audit, based on each having at least 20 drinking water licences within 500 metres of its boundary.

The range agreements for grazing (hereafter referred to as range tenures) are located between Cranbrook and Golden, and near Fernie (see map below).

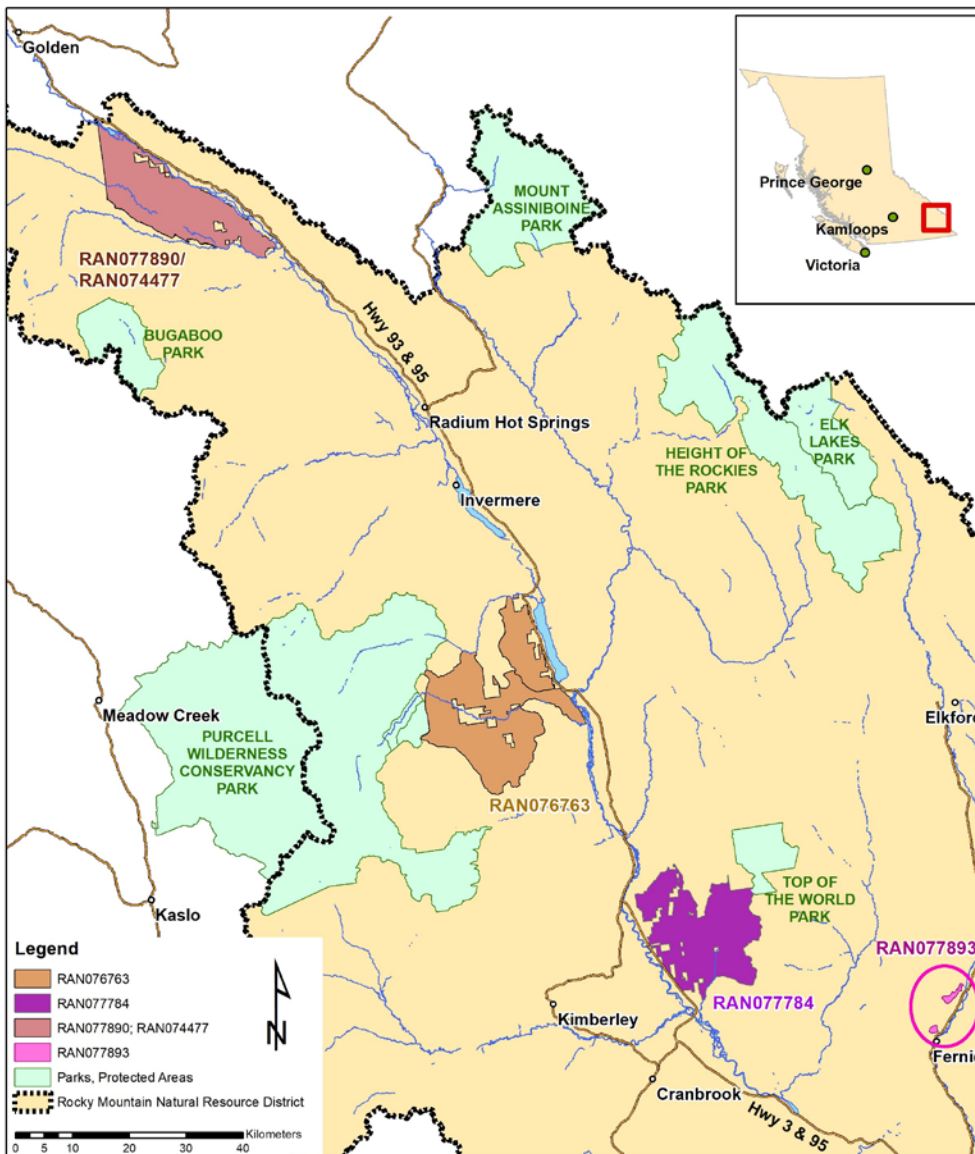


Figure 1. Map of range tenures audited

Below are definitions of some common terms used in the audit report.

Animal unit month (AUM): This is the quantity of forage consumed by a 450 kilogram cow (with or without calf) in a 30-day period. Because bulls consume more forage than cows, they account for 1.5 AUMs for each 30-day period of grazing.

Riparian areas: FRPA requires tenure holders to ensure range practices protect riparian areas – areas adjacent to classified streams, lakes and wetlands. Riparian vegetation adjacent to other non-classified waterbodies, like a seepage, are not included in FRPAs definition of *riparian area*.

Range readiness criteria: These criteria in the range use plan (RUP) are used to determine when Crown range is ready for grazing to begin.

Audit Approach and Scope

The audit examined range planning and practices for compliance with FRPA and the *Range Planning and Practices Regulation* (RPPR). This included an examination of:

- Compliance with range use plans (RUPs) and any amendments (including maps and the grazing schedule, which identifies the period of use, number of livestock and AUMs authorized for grazing).
- Records maintained by range users (if applicable) and the Ministry of Forests, Lands, Natural Resource Operations and Rural Development (FLNRORD).
- Compliance with range practice requirements on the range tenures, with a focus on requirements to protect riparian areas, upland areas, drinking water quality, licenced waterworks, fish habitat and maintenance of range developments. (*Note: auditors did not assess compliance with range readiness criteria*)

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*. Auditor's work involved interviewing the range agreement holders and ministry staff, reviewing the RUP and maps, and examining the majority of activities undertaken in the field within the two-year audit period of September 1, 2016, to September 21, 2018.

A professional agrologist/forester, a professional forester and a chartered professional accountant made up the audit team. Fieldwork took place between September 17 and 21, 2018.

Planning and Practices Examined and Findings

Audit Results – RAN073763

Description of the grazing tenure

RAN073763 is held by Brian McKersie. The 12 630-hectare agreement area is located approximately 29 kilometres south of Invermere (see map on page 1).

The range agreement has 1613 AUMs authorized for grazing between May 23 and October 25. It is managed as 12 pastures and is bordered primarily by private land to the east, a park to the west and Crown land to the north and south.

Required content of the range use plan

The approved range use plan included all required content. The plan was valid for the period January 1, 2014, to December 31, 2018.

Compliance with the range use plan and practice requirements

Auditors found that the tenure holder met the requirements in the RUP, including maintaining minimum stubble heights, not exceeding maximum browse utilization, and adhering to ministerial orders on wildlife habitat areas (Lewis Woodpecker and Badger). Auditors found that livestock use at the time of the field audit complied with the grazing schedule in the plan.

All practice requirements related to protection of water quality, licensed waterworks, riparian areas (see Figure 2), fish habitat and upland areas were met. In one riparian area, livestock use was in compliance, but the area showed signs of heavier use by livestock. This riparian area is shared with a guide outfitter, who holds an overlapping tenure on a portion of RAN073763. Care needs to be taken to ensure this riparian area is protected in the future.

Range developments were functional and well maintained.



Figure 2. Example riparian area

Audit Results – RAN074477 & RAN077890

Description of the grazing tenure

RAN074477 is held by Peter Mason, and RAN077890 is held by Richard Tegart. RAN074477 and RAN077890 are overlapping range agreements for the same 27 743-hectare area, which is located 21.5 kilometres south of Golden (see map on page 1).

RAN074477 has 185 AUMs authorized for grazing between July 1 and October 31, whereas RAN077890 has 153 AUMs authorized for June 1 to October 15. The range tenure is managed as three pastures and is bordered by the Columbia River to the north and Crown land on the remaining boundaries.

Required content of the range use plan

Both approved range use plans included all required content and are valid for the period January 1, 2015, to December 31, 2019.

Compliance with the range use plan and practice requirements

Auditors found that the range agreement holders met the requirements of the RUPs for maintaining minimum stubble heights and not exceeding maximum browse utilization. The range agreement holders also met the requirements to protect riparian and upland areas and to maintain range developments.

Grazing Schedule

FRPA requires agreement holders to ensure that grazing follows the RUP. Changes to the grazing schedule, which are contained within the RUP, must be reported to FLNRORD's range staff. Communicating modifications to the grazing schedule, such as changes in livestock numbers and timing of pasture use, enables effective management of the range resource.

No livestock had been turned out on the range agreement area prior to the field audit in September 2018 by either range tenure holder. The agreement holder for RAN074477 notified FLNRORD via a phone call, but no notification was made by RAN077890. As no amendment to the grazing schedule was in place, the range agreement holder for RAN077890 did not meet the requirements outlined in the grazing schedule. As no livestock had been turned out on the range agreement prior to the field audit in September 2018 for RAN077890, and no amendment to the grazing schedule was in place, the range agreement holder did not meet the requirements outlined in the grazing schedule. As the range agreement area has not been adversely impacted, not amending the grazing schedule to reflect what has occurred on the ground is considered an area requiring improvement.

Audit Results – RAN077784

Description of grazing tenure

RAN077784 is held by Long Valley Grazing Association, a group that is comprised of four separate ranching operations. The 29 287-hectare agreement area is located 17 kilometres north of Cranbrook (see map on page 1).

The range agreement has 850 AUMs authorized for grazing between May 15 and October 18. It is managed as seven pastures and is bordered by Highway 93 & 95 to the west and primarily Crown land to the east. There is a combination of private and Crown land to the north and south.

Required content of the range use plan

The approved range use plan was in effect for the period from January 1, 2014, to December 31, 2018, and included all required content.

Compliance with the range use plan and practice requirements

The Long Valley Grazing Association met requirements in the RUP, including maintaining minimum stubble heights, not exceeding maximum browse utilization, and adhering to ministerial orders on wildlife habitat areas (Flammulated Owl) and big horn sheep winter range. Auditors found that livestock use at the time of the field audit complied with the grazing schedule in the plan.

In addition, the Long Valley Grazing Association complied with all applicable range practice requirements. Protection of water quality, licensed waterworks, riparian areas, fish habitat



Figure 3. Seeded pasture

and upland areas was achieved as required. In one upland area, livestock use was in compliance, but showed signs of heavier use by livestock (see Figure 3). This area was historically seeded with domestic vegetation. Care needs to be taken to ensure stubble heights are adhered to and livestock are not permitted to congregate for extended periods in this area.

The majority of the range developments were functional and maintained. There was some unmaintained fence surrounding the pasture with domestic seeding, which should be removed or repaired (see Figure 3).

Auditors found the one pasture was not included within the Exhibit A map. This was determined to be an administrative error, as the pasture was included within the approved RUP. The Exhibit A map has since been amended to include this pasture.

Audit Results – RAN077893

Description of the grazing tenure

RAN077893 is held by Terry Polacik. The 524-hectare agreement area is located 1 kilometre north of Fernie (see map on page 1).

The range agreement has 34 AUMs authorized for grazing between June 1 and September 30. It is managed as four pastures and is bordered by private land to the east and south, and Crown land to the west and north.

Required content of range use plan

The approved range use plan included all required content. The plan is valid for the period January 1, 2016, to December 31, 2020.

Compliance with the range use plan and practice requirements

Auditors found that the tenure holder met the requirements in the RUP, including maintaining minimum stubble heights and not exceeding maximum browse utilization. All practice requirements related to protection of water quality, licensed waterworks, riparian areas, fish habitat and upland areas were met. Range developments were functional and well maintained (Figure 4).

Grazing Schedule

Auditors did identify a minor discrepancy between the grazing schedule in the RUP and what occurred in the field, with regard to the early removal of livestock.

Livestock were removed in early July due to concerns about drought conditions and domestic animals negatively interacting with livestock. However, the agreement holder did not notify FLNRORD of this change to the grazing schedule.

Although this is a non-compliance with section 45(1)(b) of FRPA,¹ as the removal of livestock in this situation is good management and the range agreement area has not been adversely impacted, not amending the grazing schedule to reflect what has occurred on the ground is considered an area requiring improvement.



Figure 4. Maintained range development

¹ *Forest and Range Practices Act: General*

45 (1) A person who grazes livestock, cuts hay or carries out or maintains a range development on Crown range must do so in accordance with

- (a) this Act, the regulations and the standards, and
- (b) the applicable range use or range stewardship plan.

Audit Opinion

In my opinion, the range planning and practices carried out between September 1, 2016, and September 21, 2018, under range agreements RAN073763, held by Brian McKersie.; RAN074477, held by Peter Mason; RAN077890, held by Richard Tegart; RAN077784, held by the Long Valley Grazing Association and RAN077893, held by Terry Polacik, complied in all significant respects with the requirements of the *Forest and Range Practices Act* and the *Range Planning and Practices Regulation*, as of September 2018. No opinion is provided regarding range readiness criteria.

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.

Without qualifying my opinion, I draw attention to the *Grazing Schedule* sections of the report for RAN077890 and RAN077893, which describe two areas requiring improvement.

The *Audit Approach and Scope* and the *Planning and Practices Examined and Findings* 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 range planning and practices to support an overall evaluation of compliance with FRPA.



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Director, Audits

Victoria, British Columbia
February 5, 2019

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*. Compliance audits examine forest or range planning and practices to determine whether or not they meet FRPA and / or *Wildfire Act* requirements. The Board conducts about 10 compliance audits annually. Most of these are audits of agreement holders. The Board also audits the government's BC Timber Sales Program (BCTS).

Selection of Auditees

To begin with, auditors randomly select an area of the Province, such as a natural resource 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, auditors choose the auditee(s) that best suits the selected risk and priorities. The audit selections are not based on past performance.

For example, in 2016, the Board randomly selected the Dawson Creek portion of the Peace Natural Resource District as a location for an audit. After assessing the activities within the area, it was noted that there were two community forest agreements that had not yet been audited by the Board. As the Board strives to audit an array of licence types and sizes each year, these two community forest agreements were selected for audit.

For BCTS audits, a district or timber supply area within 2 of the 12 business areas in the province are selected randomly for audit. Only those areas that have not been audited by the Board in the past five years are eligible for selection.

Audit Standards

The audits are conducted in accordance with auditing standards developed by the Board. These standards include 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 and 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. For smaller audits, the sample will include the full population.

Auditors' work includes interviewing licensee staff, reviewing applicable plans, assessing features from helicopters and measuring specific features like riparian reserve zone width using ground procedures. The audit teams generally spend three to five days in the field.

Evaluating the Results

The Board recognizes that compliance with the requirements of FRPA and the *Wildfire Act* 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 legal 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 *Wildfire Act* requirements.

Unsound Practice – where the auditor identifies a significant practice that, although in compliance with FRPA or the *Wildfire Act*, 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, these events 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 more non-compliance events.

If a significant breach of the legislation 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, Natural Resource Operations and Rural Development.

Reporting

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

The Board reviews the draft report 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 reviews representations from parties that may potentially be adversely affected, makes any necessary changes to the report, and decides if recommendations are warranted. The report is then finalized and released: first to the auditee and then to the public and government seven days later.



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