



## **Audit of Forest Planning and Practices**

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*Husby Forest Products Ltd.*  
*Forest Licence A16869*

**FPB/ARC/200**

March 2017

# Table of Contents

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<b>Audit Results .....</b>	<b>1</b>
Introduction.....	1
Background .....	1
Audit Approach and Scope .....	2
Planning and Practices Examined and Findings .....	3
Audit Opinion .....	6
<b>Appendix 1: Forest Practices Board Compliance Audit Process .....</b>	<b>7</b>

# Audit Results

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## 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*.

As part of its 2016 compliance audit program, the Board randomly selected the Haida Gwaii Natural Resource District as the location of a full scope compliance audit. Within the district, the Board randomly selected Forest Licence A16869, held by Husby Forest Products Ltd. (Husby), for audit.

This report explains what the Board audited and the results. Appendix 1 describes the Board's compliance audit process in more detail.



*Browse protectors on planted western red cedar to protect seedlings from deer.*

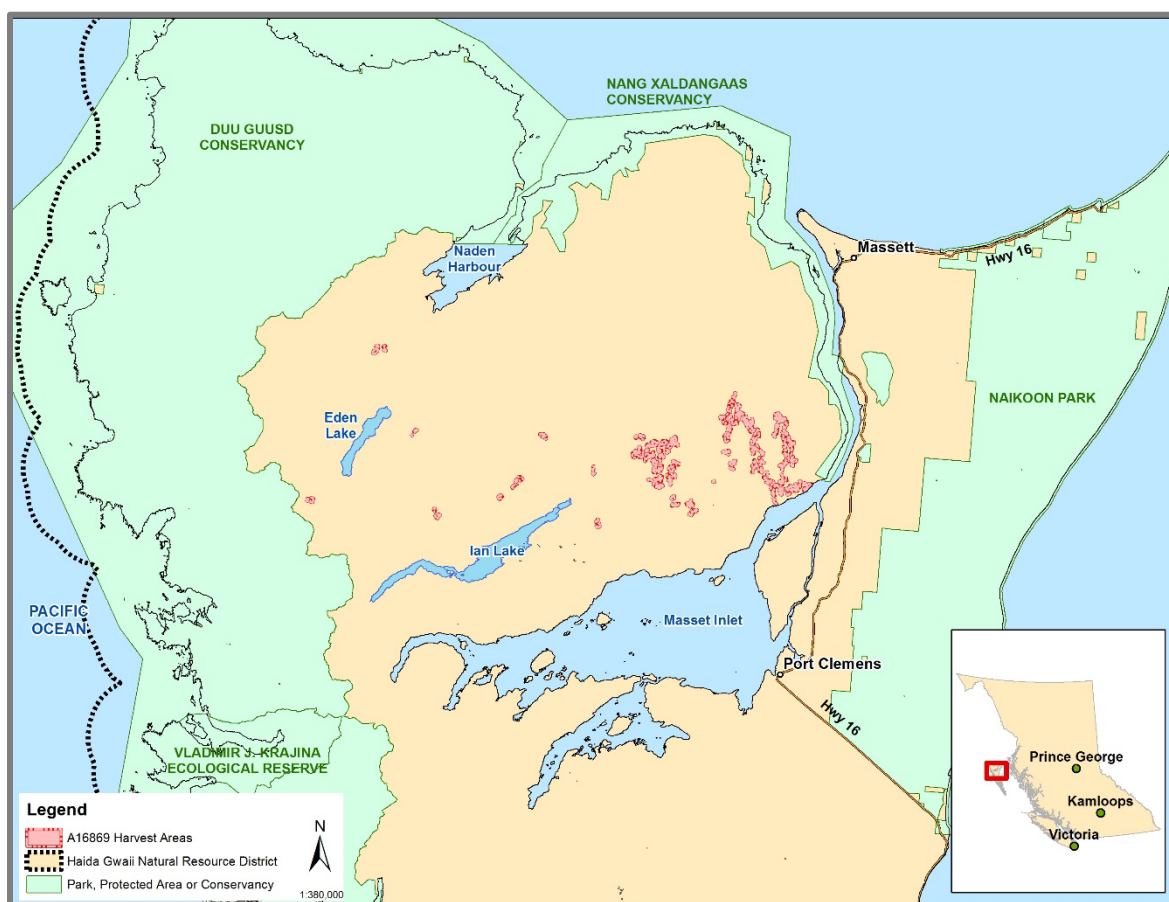
## Background

Husby Forest Products Ltd. is part of the Husby Group, a privately held forest products company on British Columbia's coast. Husby's forestry operations are mainly located on Haida Gwaii.

Forest Licence A16869 provides Husby with an allowable annual cut of 192 044 cubic metres of timber from Crown land. During the two-year audit period, Husby harvested approximately 318 000 cubic metres of timber. Harvesting activity is mainly located north of Masset Inlet in the Collision Point and Eden Lake areas. A map of the audit area appears on page 2.

The terrain in Husby's operating area consists of rolling hills with numerous streams and wetlands in low-lying areas. The area features two biogeoclimatic zones: coastal western hemlock and mountain hemlock.

## 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 August 1, 2014, and August 23, 2016, were subject to audit, including harvesting, roads, silviculture, wildfire protection and associated planning.

Auditors assessed these activities for compliance with the FRPA, the *Wildfire Act*, and applicable regulations. Audit work involved speaking with Husby employees and Ministry of Forests, Lands and Natural Resource Operations (FLNRO) compliance and enforcement staff, reviewing forest stewardship plans and site plans, assessing RESULTS<sup>1</sup> information and visits to several field sites. Sites were accessed using trucks, boats and a helicopter.

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 with Husby staff on August 22 and 23, 2016.

<sup>1</sup> The ministry's "Reporting Silviculture Updates and Land status Tracking System," or RESULTS, database.

## Planning and Practices Examined and Findings

### Operational Planning

Husby planned its activities in a 2011 forest stewardship plan<sup>i</sup> (FSP), approved by the FLNRO district manager in 2011. The FSP remains in effect until January 2018.

Husby's operations fall within the area covered by the Haida Gwaii Land Use Objectives Order (the HG Order) and five other legal orders covering northern goshawk, marbled murrelet and scenic areas. The HG Order established land use objectives for cultural, aquatic habitat, biodiversity, wildlife and forest reserve land, as well as requirements for annual reporting and data submission to the Council of the Haida Nation. The FSP addresses all aspects of the HG Order pertinent to forest management.

Auditors examined the FSP and stand-level site plans and found that they met legislative requirements, including relevant orders. Auditors also reviewed site plans during harvesting, road and silviculture field sampling and found they accurately identified resource features and specified how to protect them. Husby completed archaeological impact assessments or preliminary field reviews for cutblocks in the harvest population and consulted with the Haida Nation when required.

Notably, when Husby prepared site plans it conducted cultural feature identification surveys, as required,<sup>2</sup> and located, marked and mapped culturally significant features such as yew, crabapple and monumental cedar trees, which require protection during forestry activities.

Auditors had no concerns with operational planning.



*Monumental cedar tree marked and reserved for retention.*

### Timber Harvesting

Husby harvested 47 cutblocks, of which the auditors examined 25.

Husby conducted harvesting in accordance with the requirements of legislation and site plans. It met soil disturbance requirements, maintained natural drainage patterns, retained wildlife tree patches and protected culturally significant features, as prescribed.

Prior to harvest, Husby completed soil hazard, windthrow and riparian assessments for all cutblocks sampled, established and adhered to machine-free zones around all in-block streams, modified the crowns of residual trees in wind prone areas and seeded exposed soils promptly.

In summary, auditors found harvesting activities were consistent with requirements and did not note any concerns.

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<sup>2</sup> The cultural sections of the HG Order prescribe a series of forest management requirements, including Cultural Feature Identification surveys, to maintain and protect Haida Cultural Features that are most affected by logging. The [Council of the Haida Nation](#) awards survey certification.



## Road Construction, Maintenance and Deactivation

Table 1 shows the roads maintained, constructed and deactivated by Husby during the audit period and the amount sampled by the auditors.

Road Category	Population (kilometres)	Sample (kilometres)
Road permit road construction	73	46
Road permit road maintenance	592	202
Forest service road maintenance	15	8
Road permit road deactivation	121	43

**Table 1.** Road activities – population and sample.

### Road Construction

Husby built the majority of its new roads on stable, low risk terrain over moderate to well-drained slopes and maintained natural surface and subsurface drainage patterns. Husby capped all approaches to fish stream crossings with gravel and shot rock and installed ditch line erosion controls to reduce the potential for sedimentation.

Auditors found no issues with road construction.

### Road Maintenance

Husby's road system extends throughout Graham Island. Many sections have been inactive for a number of years and are stable, overgrown and impassable. The majority of the terrain in the operating area is low to moderate risk.

Husby maintained natural drainage patterns and its roads were stable. Auditors did not find any road maintenance issues.

### Road Deactivation

Husby permanently deactivated roads in the newly established Duu Guusd Heritage Conservancy and in the Eden Lake area. Husby demonstrated good deactivation practices by removing drainage structures, re-contouring road prisms and grass seeding exposed soils to ensure the roads were stable. Auditors did not find any issues with the deactivation.

Husby seasonally deactivated other roads, which involved removing culverts and building cross ditches and waterbars.

### Bridges

Husby installed 12 bridges during the audit and auditors examined 10 of them, including the required documentation. Husby completed the documentation for all 10, including plans, profiles, structural



*A fish stream approach where the road is capped with shot rock, sediment traps are installed and the road cut is seeded and mulched.*

drawings and record drawings. A professional signed off on the structures and there were no concerns identified.

Husby is responsible for maintaining 79 bridges and major culverts on road permit roads. Auditors examined 25 of these structures.

Husby inspects its bridges on a regular basis and maintains them as needed. Husby provided auditors with inspection and maintenance documentation. Auditors found the documentation was complete and Husby had attended to all the maintenance issues for the sampled bridges. The bridges were well maintained and the auditors had no concerns with bridge maintenance.

## **Silviculture Activities and Obligations**

Husby planted 47 cutblocks during the audit period. Auditors examined field practices for 12 of them. Husby's standard practice is to regenerate logged cutblocks with multiple species. Husby regenerated the sampled cutblocks with a mixture of species, including Sitka spruce, western hemlock, lodgepole pine, yellow cedar and western red cedar. Planting densities and stand tending resulted in adequate stocking. All 47 cutblocks met the chief forester's seed transfer requirements, meaning that Husby planted the sites with trees grown from an appropriate seed source.

Husby did not site prepare or brush any cutblocks as it has had good success regenerating cutblocks with planting or natural regeneration alone.

Auditors examined 21 of the 58 cutblocks with free-growing obligations due and found the cutblocks clearly met free-growing criteria. Auditors also examined 15 of the 74 cutblocks with regeneration obligations and found no issues.

Auditors reviewed another 56 cutblocks to determine whether Husby met annual reporting requirements and found no concerns with reporting.

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

## **Wildfire Protection**

### **Fire Preparedness**

Auditors typically examine fire preparedness requirements, such as having adequate fire tools on site and modifying activities, when the fire danger is high. Due to the extreme fire danger during the audit field work, Husby modified its activities by shutting down all forest operations and, as a result, auditors could not examine fire preparedness on active sites. While auditors did not examine any active sites, they found Husby stored adequate tools in its fire tool caches.

### **Fire Hazard Assessment**

Fire hazard assessments were due on 41 cutblocks during the audit period. Auditors examined 10 of them and found that Husby had not completed the assessments on time.

The *Wildfire Act*<sup>iii</sup> requires licensees to assess the fire hazard, including an assessment of the fuel hazard and its associated risk of a fire starting or spreading. Furthermore, the licensees must provide

a copy of a fire hazard assessment to an official when requested. If an assessment identifies a hazard, the licensee must abate it.

While Husby is abating the fire hazard as a standard practice, it cannot demonstrate that it has been diligent in assessing the hazard, which is a non-compliance with legislation. This non-compliance is not significant, since Husby is abating fire hazards in an effective and timely manner. As a result, this is an area requiring improvement.

During the audit, Husby completed hazard assessments on all outstanding cutblocks and stated it now has a system in place to conduct hazard assessments in the future.

### **Fire Hazard Abatement**

Hazard abatement was due on 20 cutblocks. Auditors examined 10 of them and did not find any issues. For hazard abatement, Husby gathers and piles slash on completed cutblocks.

## **Audit Opinion**

In my opinion, the operational planning, timber harvesting, road construction, deactivation and maintenance, silviculture, and fire protection activities carried out by Husby Forest Products Ltd. on Forest Licence A16869, between August 1, 2014, and August 23, 2016, complied in all significant respects with the requirements of the *Forest and Range Practices Act*, the *Wildfire Act* and related regulations, as of August 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.

Without qualifying my opinion, I draw attention to the *Fire Hazard Assessment* section of this report, which describes an area requiring improvement.

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  
February 21, 2017



# Appendix 1:

## Forest Practices Board Compliance Audit Process

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### Background

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

### Selection of auditees

The Board conducts about 8 or 9 compliance audits annually. Most of these are audits of agreement holders. The Board also audits the government's BC Timber Sales Program (BCTS). This section describes the process for selecting agreement holders to audit.

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

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

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

### Audit Standards

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

### Audit Process

#### Conducting the Audit

Once the Board randomly selects an area or district and determines the scope of audit to be conducted and the licensee(s) to be audited, all activities carried out during the period subject to audit are identified (such as harvesting or replanting, and road construction or deactivation activities). Items

that make up each forest activity are referred to as a population. For example, all sites harvested form the timber harvesting population and all road sections constructed form the road construction population.

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

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

## **Evaluating the Results**

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

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

Auditors categorize their findings into the following levels of compliance:

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

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

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

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

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

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

## Reporting

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

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

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

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<sup>i</sup> 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.

<sup>ii</sup> Hazard Assessments

Section 7 (1) of the Wildfire Act states “In prescribed circumstances and at prescribed intervals, a person carrying out an industrial activity or a prescribed activity on forest land or grass land or within 1 km of forest land or grass land must conduct fire hazard assessments.”



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