



**Forest  
Practices  
Board**

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

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*Selkirk Natural Resource District  
Woodlot Licence W0438*

**FPB/ARC/190**

May 2016

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# Introduction

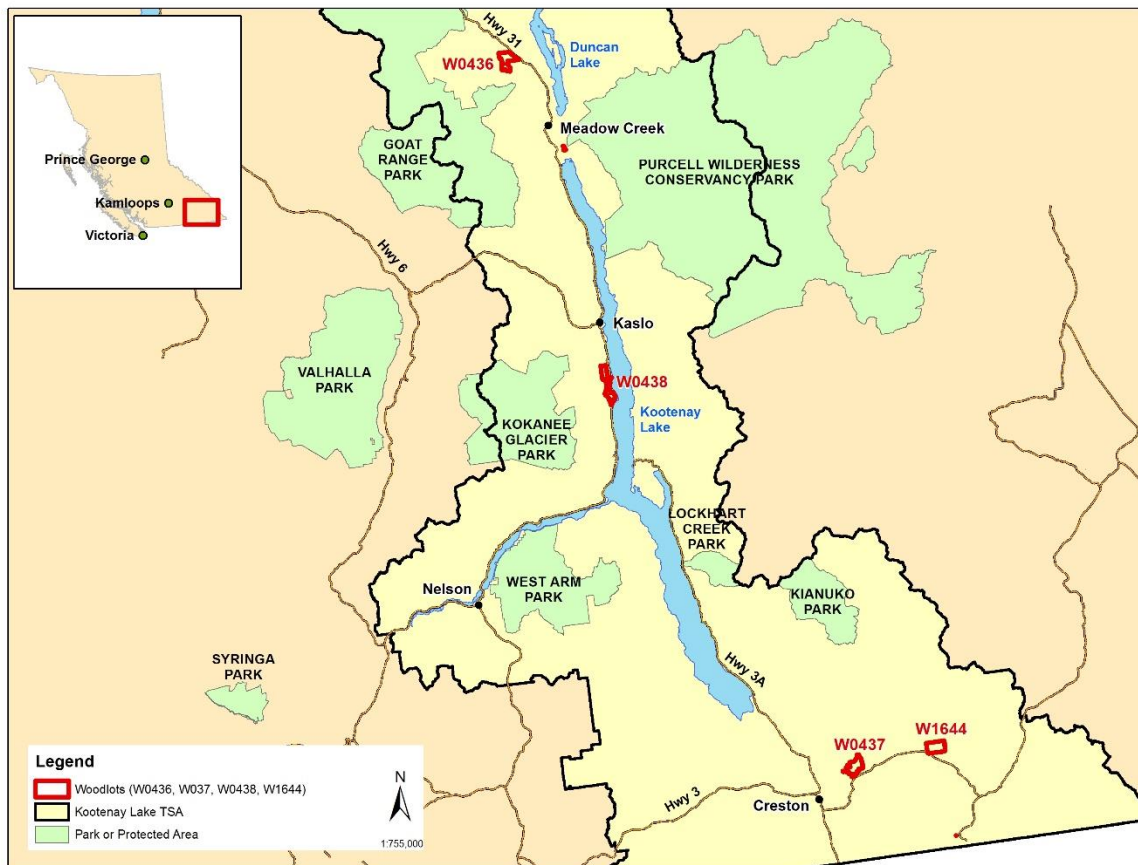
The Forest Practices Board is the public's watchdog for sound forest practices in British Columbia. One of the Board's roles is to audit the practices of the forest industry to ensure compliance with the *Forest and Range Practices Act* and the *Wildfire Act*.

As part of the Forest Practices Board's 2015 compliance audit program, the Board randomly selected the Kootenay Lake TSA portion of the Selkirk Natural Resource District as the location for a full scope compliance audit. Within the district, the Board selected four woodlot licences for audit: W0436, W0437, W0438 and W1644.

The individual woodlot licences were selected based on the level of harvest activity occurring between September 2013 and September 2015, and not on past performance. The Board selected two woodlot licences with a timber harvest of greater than 7000 cubic metres and two with a harvest less than 5000 cubic metres since September 2013. Two of the woodlots are located near the community of Creston, one near Kaslo and the other near Meadow Creek, as shown in Figure 1.

This report explains what the Board audited and the findings for woodlot W0438. Results for the other woodlots are reported separately. Detailed information about the Board's compliance audit process is provided in Appendix 1.

**Figure 1. Location of Woodlot Licences W0436, W0437, W0438 and W1644**



# Audit Results

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## Background

Woodlot licence W0438 is held by Jeffrey Mattes and was awarded in 1987. The woodlot is located about 11 kilometres south of Kaslo, west of Highway 31. The woodlot has a total area of 604 hectares, of which 600 hectares is Crown land and 4 hectares is private land. The woodlot licence provides an allowable annual cut of 1949 cubic metres per year. During the two-year audit period, the licensee harvested about 10 139 cubic metres of timber.<sup>1</sup>

## Audit Approach and Scope

This was a full scope compliance audit with a two-year timeframe. All harvesting, road, silviculture, and protection activities, carried out between September 1, 2013, and September 21, 2015, were included in the scope of the audit. All associated planning was also examined. Auditors assessed these activities for compliance with the *Forest and Range Practices Act* (FRPA), the *Wildfire Act* (WA), and applicable regulations, in particular, the *Woodlot Licence Planning and Practices Regulation* (WLPPR).

The standards and procedures used to carry out this audit are set out in the Board's *Compliance Audit Reference Manual, Version 7.0*, (September 2012).

Two professional foresters and a chartered professional accountant made up the audit team. Fieldwork took place on September 21, 2015.

## Planning and Practices Examined and Findings

The following describes the activities and obligations audited and the findings.

### Operational Planning

Auditors examined the approved woodlot licence plan (WLP),<sup>i</sup> which covers the period 2008-2017.

The auditors also evaluated site plans<sup>2</sup> through office reviews and fieldwork to ensure that they accurately identified site conditions and met legal requirements.

The WLP and site plans for W0438 were consistent with legislated requirements and site plans were consistent with the WLP.

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<sup>1</sup> Although most woodlots have a relatively small allowable annual cut, it is possible for woodlot holders to harvest up to 120 percent of their five-year cut control cycle in just one or two years, creating the appearance of a larger than actual allowable annual cut.

<sup>2</sup> A site plan is not a legal requirement for woodlot licences. A site plan identifies the approximate locations of cutblocks and roads, is consistent with legislation, and identifies how the intended results or strategies described in the woodlot licence plan apply to the site.

## **Timber Harvesting**

The licensee harvested three cutblocks during the audit period and auditors field reviewed all of them. The auditors observed that all cutblocks were harvested as planned, and no concerns were noted.

Auditors found that soil disturbance was minimized and below the limits required by regulation. The licensee maintained natural drainage patterns and opted for long skidding, using temporary skid trails, instead of constructing permanent roads, to minimize soil disturbance. It also harvested cutblocks using visual design techniques such as creating asymmetrical openings, feathering and tree retention, to achieve visual quality objectives. The licensee retained wildlife trees in patches and individual stems and met the obligations in the WLP.

## **Road Construction, Maintenance and Deactivation**

The licensee constructed 2.7 kilometres, deactivated 1.4 kilometres, and had maintenance obligations on 5.8 kilometres of road. Auditors examined all of these roads. The licensee did not install or have any maintenance obligations for bridges during the audit period. There was no evidence of siltation or road failures, running surfaces were stable and natural drainage patterns were maintained.

The auditors did not identify any issues with the road construction, deactivation or maintenance.

## **Silviculture Activities and Obligations**

The licensee planted five cutblocks and had free-growing obligations due on three cutblocks. Auditors examined two of the planted cutblocks and all of the free-growing blocks. There were no regeneration delay obligations due during the audit period.

The auditors did not identify any concerns with the planting or the free-growing obligations.

However, the auditors found that the licensee did not meet annual reporting requirements for silviculture activities. The WLPPR requires that a licensee report information to the government for activities that occurred during the previous reporting period before May 31 of each year. Auditors found that the licensee did not submit annual reports on time for three of the eight cutblocks audited. The licensee had not reported planting activities for two cutblocks and free growing for one cutblock. Auditors also found the licensee did not conform to reporting standards<sup>3</sup> on two cutblocks because the licensee reported forest cover updates that were unsupported by survey information, reported information that did not match silviculture surveys, and did not report activities and/or forest cover in all of the standards units contained in the cutblocks.

The licensee is in non-compliance with the WLPPR<sup>ii</sup> because it did not meet all submission deadlines or specification requirements. However, because the licensee demonstrated sound

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<sup>3</sup> The WLPPR requires a licensee to submit annual reports in the form specified by the chief forester, using RESULTS and confirming with the [Results Information Submission Specifications \(RISS\) for Woodlot Licensees \(November 20, 2012\)](#).

silviculture practices in the field and this is an administrative finding that can be easily corrected, this is considered an area requiring improvement.

### **Fire Protection Activities**

Auditors did not conduct fire tool inspections since there were no active operations. Auditors found that the licensee had abated the fire hazards on the three cutblocks reviewed but had not completed fire hazard assessments. Therefore, the licensee did not fully comply with the *Wildfire Act*.

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.

Assessing fire hazard is a legal requirement and must be completed regardless of whether the hazard was abated. It is a reasonable step to take to determine if an industrial activity has created a fire hazard. If a licensee identifies a fire hazard and then abates it or schedules it for abatement, it could demonstrate to government that the licensee has been diligent should a fire start as a result of the industrial activity.

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

## Audit Opinion

In my opinion, the operational planning, timber harvesting, road construction, deactivation and maintenance, silviculture, and fire protection activities carried out under woodlot licence W0438, held by Jeffrey Mattes, between September 1, 2013, and September 21, 2015, complied in all significant respects with the requirements of the *Forest Practices Code of British Columbia Act*, the *Forest and Range Practices Act*, the *Wildfire Act* and related regulations, as of September 2015. No opinion is provided regarding fire-fighting equipment requirements.

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 *Silviculture Activities and Obligations* section of this report, which describes an area requiring improvement for annual reporting.

Also without qualifying my opinion, I draw attention to the *Fire Protection Activities* section of this report, which describes an area requiring improvement for fire hazard assessments.

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



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Victoria, British Columbia  
April 15, 2016

# 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.

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

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<sup>i</sup> A **Woodlot Licence Plan** is a key planning element in the *Forest and Range Practices Act* framework and the only plan for woodlots subject to public review and comment and government approval. In WLPs, licensees are required to identify results and strategies or alternative performance requirements consistent with government objectives for values such as water, wildlife and soils, except under prescribed circumstances. These results, strategies and performance requirements must be measurable and once approved are subject to government enforcement. WLPs identify areas within which road construction and harvesting may occur, be avoided or be modified, but are not required to show the specific locations of future roads and cutblocks. WLPs can have a term of up to ten years.

<sup>ii</sup> **WLPPR Section 76**

(2) The chief forester may specify the form of, and the information to be included in, an annual report required under subsection (3).

(3) A woodlot licence holder must, on or before May 31 each year, submit to the minister, in accordance with the requirements of subsection (2), an annual report respecting activities completed within the reporting period.

<sup>iii</sup> **Wildfire Act: Hazard assessment and abatement**

7 (1) 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.

(2) A person, other than a person who is in a prescribed class of persons referred to in subsection (2.1), carrying out an industrial activity or a prescribed activity, must, within a prescribed time period and to the prescribed extent, abate a fire hazard of which the person is aware or ought reasonably to be aware.



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