



**Forest
Practices
Board**

Audit of Forest Planning and Practices

*West Fraser Mills Ltd.
Tree Farm Licence 52*

FPB/ARC/210

March 2018

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Audit Results

Introduction

The Forest Practices Board (the 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 2017 compliance audit program, the Board randomly selected the Quesnel Natural Resource District as the location of a full scope compliance audit. Within the district, the Board selected tree farm licence (TFL) 52, held by West Fraser Mills Ltd. (West Fraser), for audit. A map of the audit area appears on page 2.

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

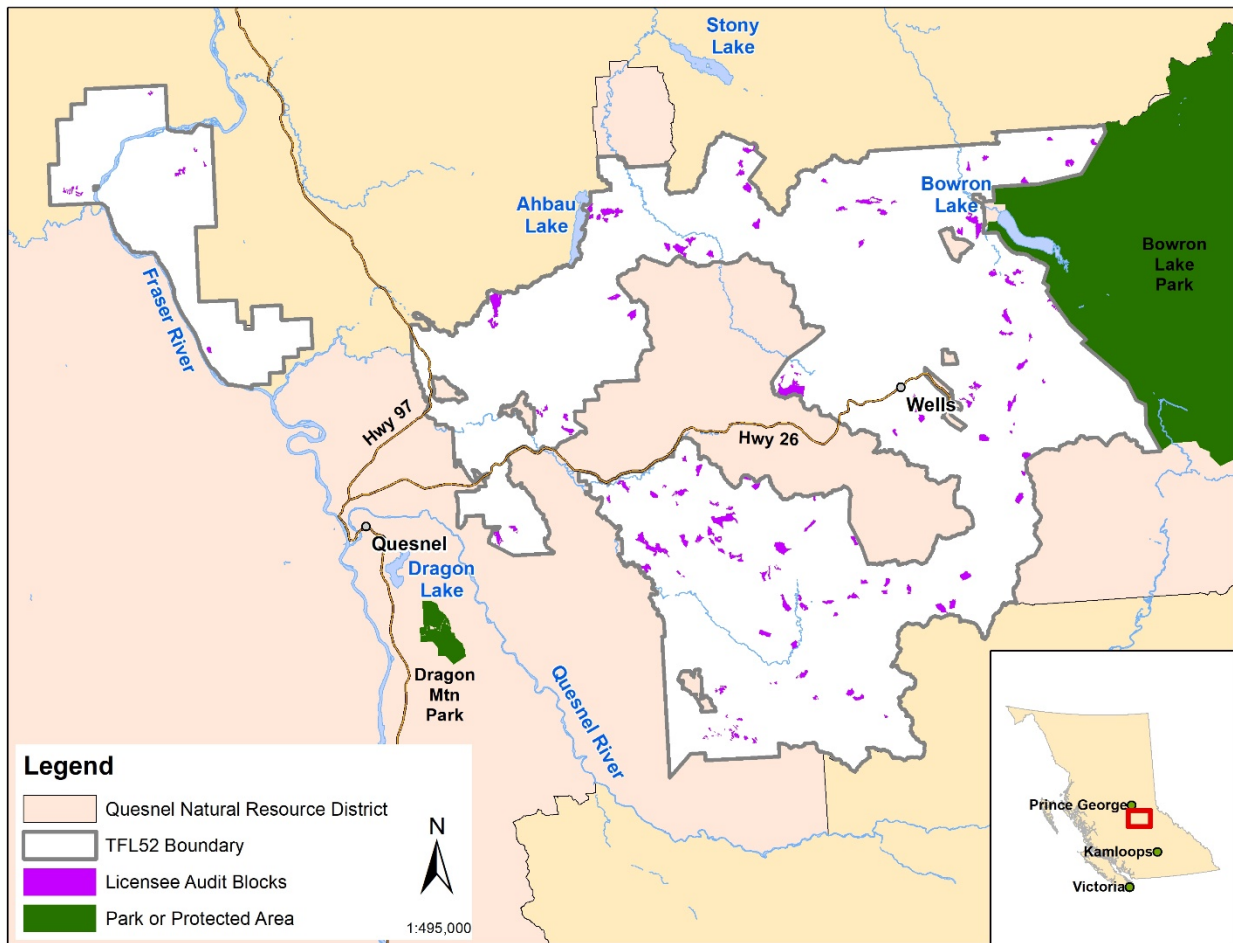
Background

TFL 52 is made up of two separate units. West Fraser was awarded TFL 52 in 1991. In 2006, TFL 5 was amalgamated into TFL 52, making it 293 485 hectares in size. The original TFL 52, is located east of the city of Quesnel and extends to Bowron Lakes Provincial Park. It includes the area around highway 26, which provides access to Bowron Lakes Provincial Park, as well as the communities of Wells and Barkerville. The portion that was originally TFL 5, is 40 kilometres northwest of Quesnel, along the Fraser River. The forests of TFL 52 are dominated by interior spruce, lodgepole pine and Douglas-fir. The annual allowable cut for the TFL is approximately 900 000 cubic metres.



Rolling terrain and lakes within the western part of TFL 52.

Map of the Audit Area



Audit Approach and Scope

This was a full scope compliance audit with a 16 month timeframe. The original audit field work was postponed due to forest fires and a provincial state of emergency which was declared on July 8 and remained in effect until September 15. The audit field work was completed between October 30 and November 1, 2017. All activities carried out by West Fraser in TFL 52 between July 1, 2016, and November 1, 2017, were subject to audit. The activities included harvesting, roads, silviculture, wildfire protection and associated planning.

Auditors assessed these activities for compliance with FRPA, the *Wildfire Act*, and applicable regulations. Auditors' work involved interviewing West Fraser staff, reviewing the forest stewardship plan and site plans, assessing silviculture records, and conducting site visits. Sites were accessed by truck and 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*.

Three forest professionals, a professional geoscientist and a chartered professional accountant made up the audit team.

Planning and Practices Examined and Findings

Operational Planning

West Fraser's operations on TFL 52 are covered by the Cariboo-Chilcotin Land Use Plan (CCLUP), originally established in 1994. A land use order that clarifies aspects of the plan was declared in 2011. The order contains objectives for a number of important resources, including wildlife tree retention and riparian management.

Auditors examined the forest stewardship plan (FSP)¹ and stand-level site plans to ensure that they met legislative requirements and government orders. Auditors also considered site plans during harvesting, road and silviculture field sampling to ensure that they accurately identified site conditions.

Auditors had no concerns with operational planning. The FSP and site plans were consistent with FRPA and CCLUP requirements.

Timber Harvesting

During the audit period, West Fraser harvested approximately 815 000 cubic metres in 124 cutblocks. Auditors sampled 31 blocks across TFL 52 containing a variety of resource values.

Riparian features were well managed using streamside retention and machine free zones. Block boundaries were windfirm and very little edge blowdown was observed.

Auditors had no concerns with harvesting and all activities complied with the requirements of FRPA.

Road Construction, Maintenance and Deactivation

West Fraser has responsibility for the majority of roads within TFL 52 as the road permit holder or as the primary maintainer under a road use agreement.

During the audit period, West Fraser constructed approximately 144 kilometres of new road, deactivated 2 kilometres of road and had maintenance obligations on 3210 kilometres of road. Auditors looked at 58 kilometres of new road, 2 kilometres of deactivated road and 615 kilometres of maintained road. West Fraser constructed 18 bridges, removed 14 bridges and had maintenance obligations for 154 bridges. Of the 14 bridges removed, 12 were replacements and only two were permanent removals. Auditors looked at 6 newly constructed bridges and 35 maintained bridges.

The roads were mostly low risk with respect to terrain issues and fisheries values. West Fraser keeps maintenance schedules for road inspections and follows documented procedures for road, bridge and major culvert maintenance. Required records for bridges were well organized and complete.

Auditors had no concerns with road and bridge construction, maintenance or deactivation.

¹ 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.

Silviculture Activities and Obligations

West Fraser has an active silviculture program that includes site preparation, planting, brushing and monitoring of obligations.

During the audit period, West Fraser had 27 site preparation blocks, 163 planting blocks, 51 brushing blocks, 181 regeneration milestones and 104 free-growing milestones. Auditors sampled 7 site preparation blocks, 27 planting blocks, 11 brushing blocks, 39 regeneration milestone blocks and 31 free growing milestone blocks.

Site preparation and brushing were completed as prescribed and planting complied with the chief forester's seed transfer guidelines. The regenerating stands appeared healthy and well stocked with appropriate tree species.

Annual reporting was completed within the required timeframes for activities and milestone declarations.

Auditors had no concerns with silviculture activities.

Wildfire Protection

The audit was completed at the end of October due to the severe fire season. During the field audit, the weather was cold and rainy and snow had fallen the previous week.

Fire Preparedness

Three active sites were encountered during field auditing and there were no concerns with fire preparedness.

Fire Hazard Assessment

West Fraser completed fire hazard assessments using the Defined Hazard Assessment and Abatement Strategy provided in the *BC Wildfire Service's 2012 Guide to Fuel Hazard Assessment and Abatement in British Columbia*. West Fraser has developed an in-house assessment form for fire hazard. The form uses geographic information system (GIS) technology to complete background information for blocks, such as potential fire hazard from the BC Fire Risk Map. The information is reviewed and the forms are completed and signed off. There are no concerns with the completion or content of the fire hazard assessments.

Fire Hazard Abatement

Slash was either piled or piled and burned on completed cutblocks. There were no concerns with fire 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 West Fraser Mills Ltd. on Tree Farm Licence 52 between July 1, 2016, and November 1, 2017, complied in all significant respects with the requirements of the *Forest and Range Practices Act*, the *Wildfire Act* and related regulations, as of November 2017.

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
March 14, 2018

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 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 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, 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 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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