



**Forest
Practices
Board**

Audit of Forest Planning and Practices

*Nadina Natural Resource District
Woodlot Licence W2050*

FPB/ARC/215

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Introduction

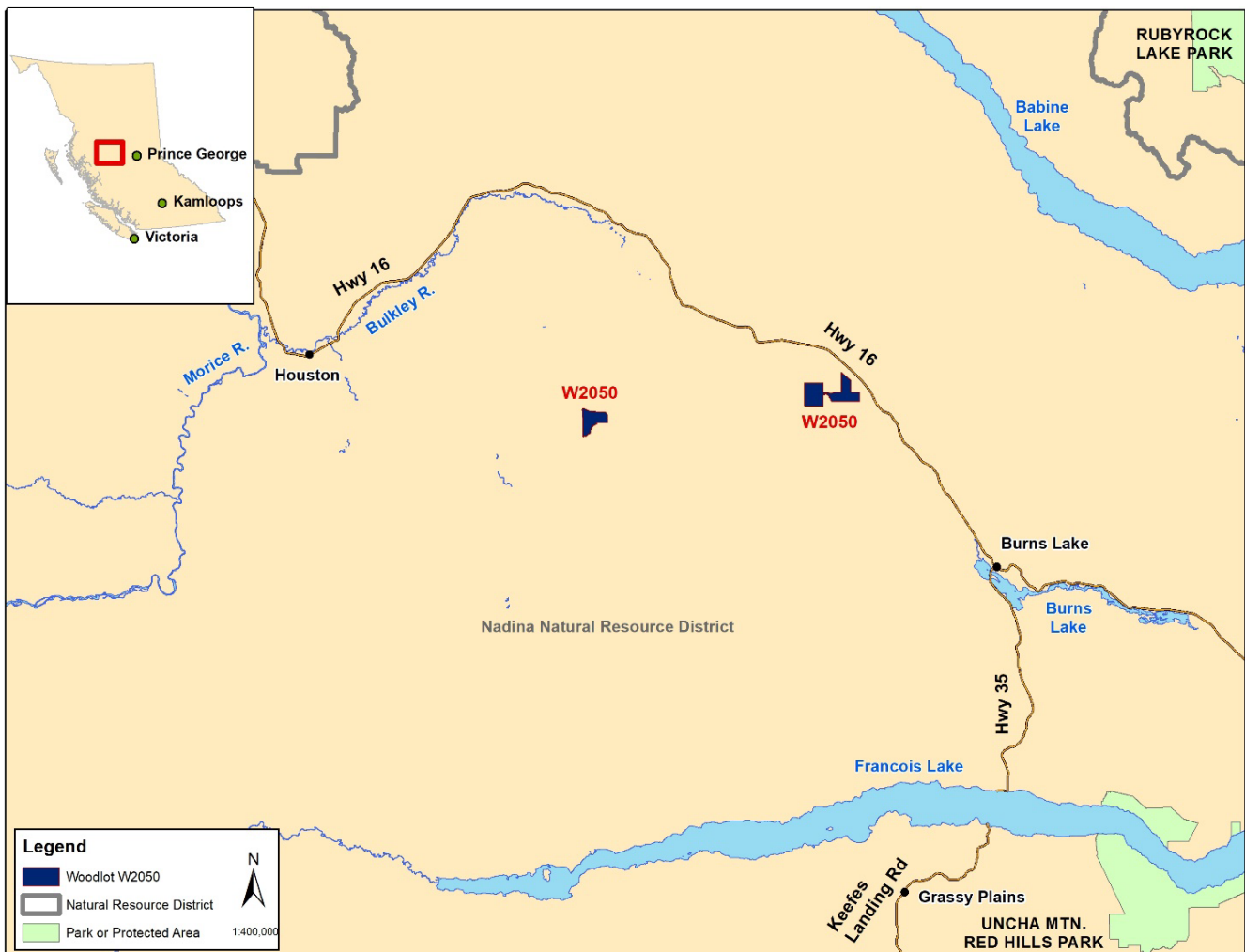
The Forest Practices Board is the public's watchdog for sound forest practices in British Columbia. One of the Board's roles is to audit the practices of the forest industry to ensure compliance with the *Forest and Range Practices Act* and the *Wildfire Act*.

As part of the Forest Practices Board's 2017 compliance audit program, the Board randomly selected the Nadina Natural Resource District as the location for a full scope compliance audit. Within the district, the Board selected 11 woodlot licences for audit: W0116, W0117, W0128, W0198, W0199, W1534, W1687, W1690, W1691, W2050 and W2065.

The individual woodlot licences were selected based on harvest, road, fire protection and silviculture activities conducted and obligations due between October 2015 and October 2017, as well as the non-timber resource values associated with the woodlot. Selection was not based on past performance.

This report explains what the Board audited and the findings for woodlot W2050, which is displayed on the map below. Results for the other woodlots are reported separately. Detailed information about the Board's compliance audit process is provided in Appendix 1.

Map of the Audit Area



Audit Results

Background

Woodlot licence W2050, awarded in 2008, is held by Cynthia Lynn Andersen. The woodlot consists of 2 parcels of Crown land. One is located approximately 25 kilometres northwest of Burns Lake and the other is located approximately 40 kilometres west-northwest of Burns Lake. The woodlot contains 958 hectares of Crown land. The woodlot licence provides an allowable annual cut of 2150 cubic metres per year. During the two-year audit period, the licensee harvested about 5600 cubic metres of timber. Although most woodlots have a relatively small allowable annual cut, it is possible for woodlot licensees 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.

Audit Approach and Scope

This was a full scope compliance audit with a two-year timeframe. All activities carried out on W2050 in the Nadina Natural Resource District between October 1, 2015, and October 18, 2017, were subject to audit. This included all harvesting, road, silviculture, protection activities and associated planning.

Auditors assessed these activities for compliance with the *Forest and Range Practices Act*, the *Wildfire Act*, and applicable regulations, in particular the *Woodlot Licence Planning and Practices Regulation* (WLPPR). Auditors' work involved interviewing the woodlot licensee, reviewing the woodlot licence plan, assessing silviculture records, and field visits. Sites were accessed by truck.

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 and a chartered professional accountant made up the audit team. The audit team was in the field on October 18, 2017.

Planning and Practices Examined

Operational Planning

The approved woodlot licence plan (WLP) covered the period 2008 to 2018. Auditors had no site plans to assess, as the WLPPR does not require the licensee to develop site plans for harvesting and road activities, but the licensee is still required to meet the requirements for activities and obligations contained in its WLP. Because the licensee adopted the one cutting permit approach,¹ which does not require the licensee to spatially identify road and cutblock configurations prior to road construction or timber harvesting, the auditors often had limited mapping for harvest and road activities prior to the field visits. The audit team evaluated the WLP through office reviews and fieldwork to ensure that it accurately identified site conditions, met legal requirements and that activities and obligations were consistent with WLP requirements.

¹ The "One Cutting Permit" concept is that there would only be one cutting permit for an entire Woodlot Licence and the licensee would report on its activities after they were completed. This has the added advantage that the licensee would submit final block boundaries once rather than the current practice where proposed block boundaries are submitted at the outset and subsequent amendments submitted before a final block boundary is realized, resulting in lower administration and data storage costs.

Auditors found that the WLP was consistent with legislated requirements.

Timber Harvesting

The licensee harvested timber from 7 cutblocks with a total area of 22.8 hectares during the audit period. All of the harvesting was in the parcel of the woodlot located closest to Burns Lake. Auditors visited all of the cutblocks and no concerns were noted.

Auditors found the licensee minimized soil disturbance, which was below the limits defined by regulation. There were no streams within or immediately adjacent to the cutblocks. The licensee established an adequate reserve where one cutblock was adjacent to a lake. Three of the cutblocks were partially within scenic areas and the licensee met visual quality objectives by avoiding harvesting in visible areas.

Road Construction, Maintenance and Deactivation

The licensee maintained 9.7 kilometres of road during the audit period, of which auditors examined 8.7 kilometres. The licensee did not construct or deactivate any roads, or install or maintain any bridges during the audit period.

Most of the road maintenance was located in the parcel of the woodlot closest to Burns Lake. It included sections of all-season road and winter roads. There were no stream crossings on the all-season roads, which were located on flat ground with good drainage control. Auditors sampled three fish stream crossings (S4) located on winter roads—two of these had adequate culverts in place and the third crossing had been removed. There was no evidence of siltation or road failures and the running surfaces were stable.

The auditors did not identify any issues with road maintenance.

Silviculture Activities and Obligations

The licensee planted 129 900 seedlings in 14 cutblocks. There were 43 cutblocks covering a total of 207 hectares that had regeneration obligations due during the audit period. Auditors sampled 4 of the planted cutblocks and 20 of the cutblocks with regeneration obligations.

Auditors did not identify any concerns with the planting or obligations.

Auditors reviewed annual reporting for the harvest activities, planting and regeneration obligations and found the licensee met reporting requirements.

Wildfire Protection

The licensee complied with the *Wildfire Act*.

Fire hazard assessments were due for eight cutblocks and no hazard abatement activities or obligations were conducted or due during the audit period. Five fire hazard assessments were sampled with no concerns being identified. The licensee piled slash in safe locations and plans to burn them when conditions are suitable.

Fire preparedness was not assessed as there were no active operations.

Audit Opinion

In my opinion, the operational planning, timber harvesting, road maintenance, silviculture, and fire protection activities carried out under woodlot licence W2050, held by Cynthia Lynn Andersen, between October 1, 2015, and October 18, 2017, complied in all significant respects with the requirements of the *Forest and Range Practices Act*, the *Wildfire Act* and related regulations, as of October 2017. There is no opinion provided for road construction or deactivation.

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 *Forest and Range Practices Act*, and the *Wildfire Act*.



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Director, Audits

Victoria, British Columbia
May 17, 2018

Appendix 1: Forest Practices Board Compliance Audit Process

Background

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

Selection of Auditees

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