



**Forest
Practices
Board**

Audit of Forest Planning and Practices

*Nadina Natural Resource District
Woodlot Licences W0116 & W0199, W0117 & W0128,
W1534 and W2065*

FPB/ARC/217

July 2018

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Introduction

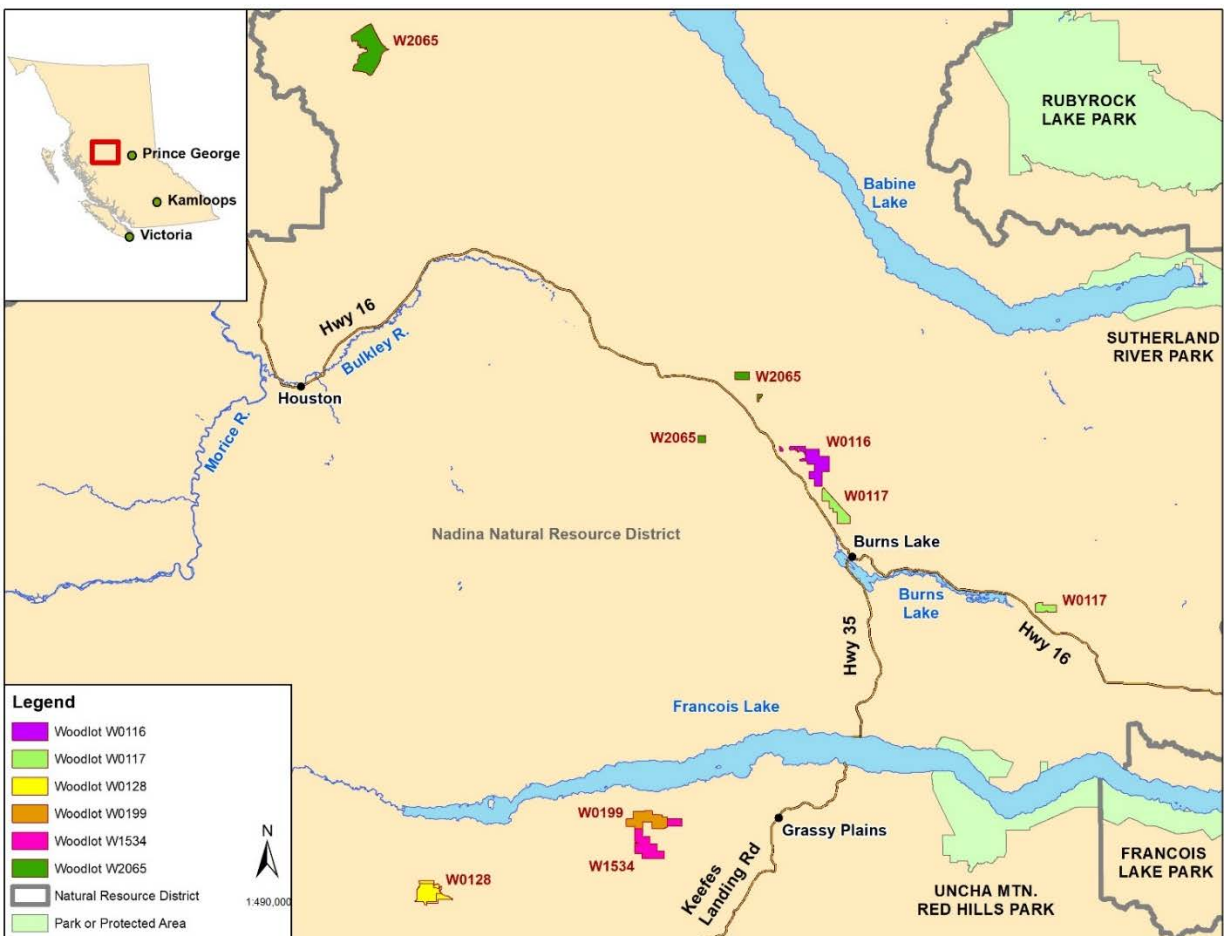
The Forest Practices Board is the public's watchdog for sound forest practices in British Columbia. One of the Board's roles is to audit the practices of the forest industry to ensure compliance with the *Forest and Range Practices Act (FRPA)* and the *Wildfire Act*.

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 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 woodlots W0116 and W0199, W0117 and W0128, W1534, as well as W2065, which are 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 Audit Area



Audit Results - Woodlot Licences W0116 and W0199

Background

Woodlot licences W0116 and W0199 are held by William Leonard Miller, and were awarded in 2015 and 2016, respectively. Woodlot licence W0116 is located approximately 10 kilometres north of Burns Lake. In October 2016, woodlot licence W0199, located approximately 15 kilometres west of Grassy Plains, was consolidatedⁱ with W0116, with a combined area of 1195 hectares and allowable annual cut of 1632 cubic metres per year. During the two-year audit period, the licensee harvested about 16 300 cubic metres of timber from the consolidated licences. While this level of cut is high in relation to the allowable annual cut, the government approved a temporary increase in the allowable annual cut to salvage timber damaged by mountain pine beetle.

Because W0199 is now part of W0116 and all legal obligations are attributed to W0116, the report combines the audit results for both woodlots in this section, assigning activities and obligations to the geographic areas associated with the original licences, where applicable.

Audit Approach and Scope

This was a full scope compliance audit with a two-year timeframe. All activities carried out on W0116 and W0199 in the Nadina Natural Resource District between October 1, 2015, and October 14, 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 13 and October 14, 2017.

Planning and Practices Examined and Findings

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

Operational Planning

Woodlot licence W0199 is included in the woodlot licence plan (WLP) for woodlot licence W0116. The approved WLP covered the period 2015 to 2025. 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,ⁱⁱ 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 the site conditions.

Auditors found that the WLP was consistent with legislated requirements.

Timber Harvesting

The licensee salvaged mostly dead pine from a single cutblock in W0116 during the audit period. This cutblock is 132.7 hectares in size, near the community of Decker Lake, and consists of one large unit located in the northern part of the woodlot and several smaller units scattered throughout the remainder of the woodlot. Auditors visited all of the units and no concerns were noted. One non-fish-bearing (S6) stream ran through the cutblock, which the licensee protected by retaining vegetation along the stream, maintaining natural drainage patterns and ensuring machine traffic did not disturb the stream banks. Auditors found that soil disturbance was minimized and well below the limits defined by regulation.

Auditors had no concerns with timber harvesting.

Road Construction, Maintenance and Deactivation

During the audit period, the licensee had road maintenance obligations on 14.4 kilometres of road in W0199 and 4.8 kilometres in W0116 and constructed 1.1 kilometres of road in W0116. Auditors examined 3.8 kilometres of road maintenance in W0199 and all of the construction and maintenance in W0116. The licensee did not deactivate any roads or install or maintain any bridges during the audit period.

In W0199, the road maintenance population consisted entirely of old winter road on flat ground. One road crossed a fish-bearing stream (S4), where the licensee installed and maintained a functional culvert. Aside from periodically checking this culvert, other maintenance requirements on these roads are minimal, as drainage and erosion risks are low. Natural drainage patterns were maintained.

In W0116, the licensee constructed roads on well-drained, level ground with no stream crossings and had removed the culvert at the single stream crossing (S6) that was observed in the road maintenance sample. There was no evidence of siltation or road failures and the running surfaces were stable on all of the roads sampled.

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

Silviculture Activities and Obligations

In W0116, the licensee planted 114,300 seedlings and had no regeneration or free-growing obligations due during the audit period.

In W0199, there was no planting done during the audit period. There were eight cutblocks with regeneration obligations and five cutblocks with free-growing obligations due during the audit period. Auditors examined three of the cutblocks with regeneration obligations and four of the cutblocks with free-growing obligations.

Planting

Auditors did not identify any concerns with any of the planting activities.

Regeneration Obligations

There were no concerns identified with any of the regeneration obligations.

Free Growing

On harvested areas, the WLPPRⁱⁱⁱ requires a woodlot licensee to establish a free-growing stand that conforms to the applicable stocking standards, by the applicable free-growing date. A licensee must survey harvested areas prior to the late free-growing date to demonstrate whether they meet stocking requirements. If a licensee anticipates it may not meet free-growing requirements prior to the late free-growing date, it must give notice to the minister that the requirements to establish a free-growing stand cannot be met, giving the reasons, and submit a proposal for establishing a free-growing stand on the area.

Auditors found that the licensee did not meet these requirements on 4 small cutblocks, totaling 5.1 hectares. The licensee did not comply with the WLPPR free-growing requirements because it did not survey the cutblocks prior to the free-growing date to confirm whether free-growing requirements were met on time and did not meet stocking requirements prior to the free-growing due date. Also, the licensee did not give notice to the minister, nor submit a proposal for establishing a free-growing stand prior to the late free-growing date.

Annual Reporting

The WLPPR requires a woodlot licence holder, who declares that the requirements for free growing are met, to include with the declaration a forest cover inventory for the area to which the declaration applies.^{iv} The licensee declared one cutblock free growing in W0199 during the audit period, but did not include an updated forest cover inventory with the declaration.

The licensee did not comply with the free-growing and annual reporting requirements of the WLPPR. Since the licensee did not meet, or could not demonstrate, that free-growing was achieved within the required timeframe, and did not report a forest cover inventory, this finding is considered significant. Subsequent to the audit, the licensee gave notice to the minister and submitted a proposal for establishing a free-growing stand on the area and has completed the outstanding reporting requirement.

Wildfire Protection

Auditors did not inspect fire tools since there were no active operations during the audit field work.

The woodlot is situated in a rural area, close to homes and businesses. The licensee prioritized the salvage and rehabilitation of dead pine to reduce fire hazards in interface areas.

The licensee had one cutblock in W0116 with fire hazard assessment and abatement obligations due within the audit period. Auditors visited the cutblock and found that the licensee had satisfactorily disposed of roadside and in-block slash. The auditors had no concerns with fire hazard abatement.

The *Wildfire Act*^v requires licensees to assess the fire hazard at specified intervals, 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.

Assessing fire hazard is a legal requirement and must be completed at required intervals after harvest has started, 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 did not complete the fire hazard assessment for the single cutblock, which is a non-compliance with legislation, and cannot demonstrate that it has been diligent in assessing the hazard. Since fire hazards are being abated in an effective and timely manner, this is an area requiring improvement.

Audit Opinion

In my opinion, except for the issues described below, the operational planning, timber harvesting, road construction and maintenance, silviculture, and fire protection activities carried out under woodlot licences W0116 and W0199, held by William Leonard Miller, between October 1, 2015, and October 14, 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 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.

As described in the *Silviculture Activities and Obligations* section of the report, the audit identified a significant non-compliance related to free growing and forest cover reporting.

Without further qualifying my opinion, I draw attention to the *Fire Protection Activities* 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 the *Forest and Range Practices Act* and the *Wildfire Act*.



Christopher R. Mosher CPA, CA, EP(CEA)
Director, Audits

Victoria, British Columbia
June 8, 2018

ENDNOTES

ⁱ Section 46.2 of the *Forest Act* provides for the consolidation of woodlot licences. The methods of consolidation include deleting all or part of an area from one licence and adding it to the other licence or deleting all or part of the area of both licences and entering into a new licence covering these areas. At the end of the consolidation process only one woodlot licence will exist, with all of the legal obligations attributed to the consolidated licence.

ⁱⁱ 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 cutblock boundaries once rather than the current practice where proposed cutblock boundaries are submitted at the outset and subsequent amendments submitted before a final cutblock boundary is realized, resulting in lower administration and data storage costs.

ⁱⁱⁱ **Free Growing Requirements**

Section 34(1) of the Woodlot License Planning and Practices Regulation requires a woodlot license holder to establish a free growing stand on the net area to be reforested.

Section 35(2)(b) of the WLPPR requires a woodlot license holder by the applicable free growing date, establish a free growing stand that conforms to the stocking standards that relate to the biogeoclimatic ecosystem classification for the area.

Surveys

WLPPR 75 (3) A woodlot licence holder must carry out a survey for the net area to be reforested, on or before the free growing date, identifying all of the following:

- (a) the area for which the free growing stocking requirements have been met;
- (b) the number of healthy, well spaced free growing trees per hectare of preferred and acceptable species, as those species are described under section 35;
- (c) the number of healthy, well spaced free growing trees per hectare of the preferred species as those species are described under section 35;
- (d) for any areas for which the free growing stocking requirements have not been met, both the areas that are and are not satisfactorily stocked;
- (e) the forest cover inventory.

Requirements if free growing stand cannot be established

WLPPR 35.1 (1) Subject to section 108 of the Act, a woodlot licence holder who

- (a) is required to establish a free growing stand under section 34 of this regulation, and
- (b) knows that the requirements of sections 34 and 35 of this regulation cannot be met must
- (c) give notice to the minister that the requirements to establish a free growing stand cannot be met, giving the reasons, and
- (d) submit to the minister a proposal for establishing a free growing stand on the area, including the stocking standards, the free growing height and the latest date by which the stocking standards and free growing height will be achieved.

^{iv} WLPPR section 84 (3) states “A woodlot licence holder who makes a declaration under section 107 of the Act that the requirements for the regeneration date or free growing date on an area have been met must include with the declaration a forest cover inventory for the area to which the declaration applies.”

^v 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.”

Audit Results - Woodlot Licences W0117 and W0128

Background

Woodlot licences W0117 and W0128 are held by Benjamin Wilson and were awarded in 2013 and 2015, respectively. Woodlot licence W0117 originally consisted of 2 parcels, 1 located approximately 5.5 kilometres north of Burns Lake and the other located approximately 20 kilometres east of Burns Lake. In September 2015, woodlot licence W0128, located south of Francois Lake, was consolidated^{vi} with W0117, for a combined area of 1203 hectares and allowable annual cut of 1700 cubic metres per year. During the two-year audit period, the licensee harvested about 16 300 cubic metres of timber from the consolidated licences. While this level of cut is high in relation to the allowable annual cut, the government approved a temporary increase in the allowable annual cut to salvage timber damaged by mountain pine beetle.

Because W0128 is now part of W0117 and all legal obligations are attributed to W0117, the report combines the audit results for both woodlots in this section, assigning activities and obligations to the geographic areas associated with the original licences, where applicable.

Audit Approach and Scope

This was a full scope compliance audit with a two-year timeframe. All activities carried out on W0117 and W0128 in the Nadina Natural Resource District between October 1, 2015, and October 13, 2017, were subject to audit. These activities 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 11 to 13, 2017.

Planning and Practices Examined and Findings

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

Operational Planning

The approved woodlot licence plan (WLP) covered the period 2017 to 2027. Auditors had no site plans to assess, as the WLPPR does not require the licensee to complete 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,^{vii} 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.

Auditors found that the WLP was consistent with legislated requirements

Timber Harvesting

The licensee harvested timber from two cutblocks during the audit period. One cutblock, located near Burns Lake, is 15.1 hectares in size. The other cutblock, located south of Francois Lake in the parcel that was previously W0128, is 68.1 hectares. Auditors sampled both cutblocks.

The cutblock near Burns Lake is located on flat ground, has one non-fish-bearing (S6) stream within the cutblock, and is located in a scenic area.

The southern cutblock includes six individual harvest units located on the west side of the woodlot. Auditors visited five of the six units. There are two lakes adjacent to the harvest units and several non fish-bearing (S6) streams adjacent and within the harvest units. There were adequate reserves on the lakes and retention around the streams.

Auditors found that soil disturbance was minimized and below the limits defined by regulation. The licensee maintained natural drainage patterns and did not disturb the stream banks when skidding.

The auditors did not have any concerns with harvesting activities.

Road Construction, Maintenance and Deactivation

The licensee had maintenance obligations on 16.9 kilometres and constructed 2.9 kilometres of road during the audit period. Auditors examined all of the road construction and 10.1 kilometres of the road maintenance. The licensee did not deactivate any roads or install or maintain any bridges during the audit period.

The road construction included 0.3 kilometres of winter road on flat ground in the parcel near Burns Lake and 2.6 kilometres of all-season road on fairly flat terrain in the southern parcel of the woodlot. There were several non-fish-bearing stream crossings (S6) on the all-season road and no stream crossings on the winter road. The licensee removed the culverts from all of the stream crossings and maintained natural drainage patterns. The road construction was well done with functional ditches and cross drains. There was no evidence of siltation or road failures and the running surfaces were stable.

Road maintenance consisted of maintaining active all-season roads through the woodlot and ongoing responsibility for older winter roads still under road permit. The licensee satisfactorily maintained the active roads and they were safe for industrial use. The non-fish-bearing stream crossings either had functional culverts (S6) or cross ditches. The older winter roads were brushed in to various degrees, and the few stream crossings were removed and natural drainage patterns were maintained.

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

Silviculture Obligations and Activities

In the W0117 parcels, the licensee planted 65,220 seedlings in 7 cutblocks. There were 16 cutblocks with regeneration obligations due during the audit period and no cutblocks with free-growing obligations due during the audit period. Auditors examined four of the planted cutblocks and six of the cutblocks with regeneration obligations.

In W0128, the licensee did not plant any seedlings during the audit period. There were three cutblocks with regeneration obligations due and two cutblocks with free-growing obligations due. Auditors examined all of the cutblocks where regeneration or free growing was due.

Planting

Auditors did not identify any concerns with any of the planting activities.

Regeneration Delay

The WLPPR^{viii} requires a woodlot licence holder to establish a stand that conforms to the stocking standards by the regeneration due date. While the cutblocks sampled appeared to meet regeneration requirements, the licensee did not survey the cutblocks to confirm stocking prior to the late regeneration due date. It seems reasonable that the licensee knew with some degree of certainty, whether this requirement has been met or not. Although the licensee stated it conducted informal monitoring prior to the regeneration due date, it would have been diligent to survey the blocks prior to the regeneration due date to provide assurance that the regeneration requirements have been met on time.

Free Growing

On harvested areas, the WLPPR requires a woodlot licensee to establish a free-growing stand that conforms to the applicable stocking standards by the applicable free-growing date. A licensee must survey harvested areas prior to the late free-growing date to demonstrate whether stocking requirements are met. If a licensee anticipates it may not meet free-growing requirements prior to the late free-growing date, it must give notice to the minister that the requirements to establish a free-growing stand cannot be met, giving the reasons, and submit a proposal for establishing a free-growing stand on the area.

Auditors found that the licensee did not meet these requirements on one 10.5 hectare cutblock in the W0128 parcel. The licensee did not comply with the WLPPR free-growing requirements because it did not survey the cutblock prior to the free-growing date to confirm whether free-growing requirements were met on time and did not meet stocking requirements prior to the free-growing due date. Also, the licensee did not give notice to the minister, nor submit a proposal for establishing a free-growing stand prior to the late free-growing date.

Annual Reporting

The WLPPR requires a woodlot licence holder, who declares that the requirements for the regeneration are met, to include with the declaration a forest cover inventory for the area to which the declaration applies.^{ix} The licensee declared 15 cutblocks had met regeneration delay in the W0117 parcels during the audit period, but did not include a forest cover inventory with any of the declarations.

The licensee is in non-compliance with the WLPPR related to free growing and annual reporting. Since the licensee did not meet or could not demonstrate that free growing was achieved within the required timeframe, and the lack of forest cover inventory is a pervasive issue, this finding is considered significant.

Subsequent to the audit, the licensee gave notice to the minister and submitted a proposal for establishing a free-growing stand on the area and plans to complete the outstanding reporting requirements.

Wildfire Protection

Auditors did not inspect fire tools since there were no active operations during the audit field work.

The woodlot is situated in a rural area, close to homes and businesses. The licensee prioritized the salvage and rehabilitation of dead pine to reduce fire hazards in interface areas.

The licensee had two cutblocks in the W0117 parcels with fire hazard assessments and abatement due within the audit period. Auditors visited both cutblocks and found that the licensee had satisfactorily disposed of roadside and in-block slash. The auditors had no concerns with fire hazard abatement.

The *Wildfire Act*^x requires licensees to assess the fire hazard at specified intervals, 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.

Assessing fire hazard is a legal requirement and must be completed at required intervals after harvest has started, 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 did not complete fire hazard assessments on time for both cutblocks, which is a non-compliance with legislation, and cannot demonstrate that it has been diligent in assessing the hazard. Since fire hazards are being abated in an effective and timely manner, this is an area requiring improvement.

Audit Opinion

In my opinion, except for the issues described below, the operational planning, timber harvesting, road construction and maintenance, silviculture and fire protection activities carried out under woodlot licences W0128 and W0117, held by Benjamin Wilson, between October 1, 2015, and October 13, 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 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.

As described in the *Silviculture Activities and Obligations* section of the report, the audit identified a significant non-compliance related to free growing and forest cover reporting.

Without further qualifying my opinion, I draw attention to the *Fire Protection Activities* section, 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 *Forest and Range Practices Act*, and the *Wildfire Act*.



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June 8, 2018

ENDNOTES

^{vi} Section 46.2 of the *Forest Act* provides for the consolidation of woodlot licences. The methods of consolidation include deleting all or part of an area from one licence and adding it to the other licence or deleting all or part of the area of both licences and entering into a new licence covering these areas. At the end of the consolidation process only one woodlot licence will exist, with all of the legal obligations attributed to the consolidated licence.

^{vii} 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 cutblock boundaries once rather than the current practice where proposed cutblock boundaries are submitted at the outset and subsequent amendments submitted before a final cutblock boundary is realized, resulting in lower administration and data storage costs.

^{viii} Section 35(2a) of the *Woodlot Licence Planning and Practices Regulation* requires a woodlot licence holder to establish a stand that conforms to the stocking standards by the applicable regeneration date.

^{ix} 84 (3) A woodlot licence holder who makes a declaration under section 107 of the Act that the requirements for the regeneration date or free growing date on an area have been met must include with the declaration a forest cover inventory for the area to which the declaration applies.

^x 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.”

Audit Results - Woodlot Licence W1534

Background

Woodlot licence W1534, awarded in 1997, is held by August Karl Meutzner. The woodlot is located approximately 36 kilometres southwest of Burns Lake. The woodlot has a total area of 728 hectares, which includes 129 hectares of private land and 599 hectares of Crown land. The woodlot licence provides a total allowable annual cut of 1325 cubic metres per year from Crown and private land. During the two-year audit period, the licensee harvested about 2900 cubic metres of timber. 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. This was the approach used by the licensee, creating the appearance of a harvest larger than the allowable annual cut.

Audit Approach and Scope

This was a full scope compliance audit with a two-year timeframe. All activities carried out on W1534 in the Nadina Natural Resource District between October 1, 2015, and October 15, 2017, were subject to audit. These activities 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 15, 2017.

Planning and Practices Examined and Findings

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

Operational Planning

The approved woodlot licence plan (WLP) covers the period 2012 to 2021. The licensee provided site plan maps for harvesting and road activities. The audit team evaluated the WLP through office reviews and fieldwork to ensure that it accurately identified site conditions and met legal requirements.

Auditors found that the WLP was consistent with legislated requirements.

Timber Harvesting

The licensee harvested timber from 21 cutblocks, totalling 44.1 hectares, during the audit period and the auditors sampled 11 of them. The cutblocks were located throughout the woodlot, which contains several lakes and streams, some of which are fish-bearing. The cutblocks were located on gentle terrain and were situated between the streams and lakes, with riparian reserves that were at least as wide as specified in the WLP. The licensee met retention requirements for ungulate winter range by retaining individual stems within cutblocks, minimizing opening sizes, and by retaining wildlife tree patches outside cutblocks. Auditors found that soil disturbance was minimized and well below the limits defined by regulation.

Auditors found that harvest conformed to the site plan maps.

The auditors did not have any concerns with harvesting activities.

Road Construction, Maintenance and Deactivation

The licensee had maintenance obligations on 3.6 kilometres and constructed 0.3 kilometres of road during the audit period. Auditors examined 3.3 kilometres of the maintained road and all of the constructed road. The licensee did not deactivate any roads or install or maintain any bridges during the audit period.

The road construction was winter road on slightly sloping, well-drained terrain, located an adequate distance away from an adjacent lake and fish-bearing (S4) stream.

The road maintenance population primarily consisted of active roads. Auditors found all of the roads were well maintained with natural drainage patterns maintained.

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

Silviculture Obligations and Activities

The licensee planted 55,575 seedlings in 19 cutblocks during the audit period. Auditors examined 6 of the planted cutblocks. There were no regeneration or free-growing obligations due during the audit period.

Planting

Auditors did not identify any concerns with any of the planting activities.

Annual reporting

The WLPPR requires that an agreement holder, before May 31 of each year, report information to the government regarding harvest and silviculture activities that occurred during the previous reporting period.^{xi} Reporting through RESULTS is a generally accepted form and manner satisfactory to the minister for annual report submissions. In October 2017, auditors reviewed the licensee's RESULTS submissions for the audit period and found that the licensee did not meet its annual reporting requirements. Annual report submissions had not been made by May 31, 2017, for activities in the previous reporting period for any of the 16 cutblocks harvested in 2016 and for 10 of the cutblocks planted in 2015 and 2016.

This annual reporting non-compliance is considered significant because it is pervasive and indicative of a systemic issue that does not ensure accurate accounting of harvesting and planting activities.

Subsequent to the audit, the licensee reported the outstanding cutblocks.

Wildfire Protection

The licensee generally complied with the *Wildfire Act*. Fire preparedness was assessed, as there were active operations on two cutblocks. The auditors had no concerns with fire preparedness.

The licensee had 20 cutblocks with hazard assessments due and 14 cutblocks with abatement due or completed during the audit period. Auditors sampled all of the hazard assessments and hazard abatement on four cutblocks.

The licensee piled and burned slash or piled slash to burn when safe to do so. Auditors had no concerns with fire hazard abatement.

The *Wildfire Act*^{xiii} requires licensees to assess the fire hazard at specified intervals, 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.

Assessing fire hazard is a legal requirement and must be completed at required intervals after harvest has started, 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 did not complete fire hazard assessments on time for all 20 cutblocks, which is a non-compliance with legislation, and cannot demonstrate that it has been diligent in assessing the hazard. Since fire hazards are being abated in an effective and timely manner, this is an area requiring improvement.

Audit Opinion

In my opinion, except for the issues described below, the operational planning, timber harvesting, road construction and maintenance, and fire protection activities carried out under woodlot licence W1534, held by August Karl Meutzner between October 1, 2015, and October 15, 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 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.

As described in the *Silviculture Activities and Obligations* section of the report, the audit identifies a significant non-compliance related to annual reporting.

Without further qualifying my opinion, I draw attention to the *Fire Protection Activities* section of this report which describes 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 *Forest and Range Practices Act*, and the *Wildfire Act*.



Christopher R. Mosher CPA, CA, EP(CEA)
Director, Audits

Victoria, British Columbia
June 8, 2018

ENDNOTES

^{xi} Section 76 (3) of the *Woodlot Licence Planning and Practices Regulation* states “A woodlot license holder must, on or before May 31 each year, submit to the minister, in the form specified by the minister, an annual report respecting activities completed within the reporting period.”

^{xiii} 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.”

Audit Results – Woodlot Licence W2065

Background

Woodlot licence W2065, awarded in 2011, is held by 510709 B.C. Ltd. (Shawn and Sivert Andersen), and is located northwest of Burns Lake. The woodlot has a total area of 1400 hectares, which includes 224 hectares of private land and 1176 hectares of Crown land. The woodlot licence provides a total allowable annual cut of 3649 cubic metres per year from Crown and private land. During the two-year audit period, the licensee harvested about 14 800 cubic metres of timber. 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. This was the approach used by the licensee, creating the appearance of a harvest larger than the 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 17, 2017, were subject to audit. These activities 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 17, 2017.

Planning and Practices Examined and Findings

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

Operational Planning

The approved woodlot licence plan (WLP) covered the period 2012 to 2022. Auditors had no site plans to assess, as the WLPPR does not require the licensee to complete 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. Although the licensee did not provide site plans, it did provide a detailed map showing cutblock and road locations. The audit team evaluated the WLP through office reviews and fieldwork to ensure that it accurately identified site conditions and met legal requirements.

Auditors found that the WLP was consistent with legislated requirements.

Timber Harvesting

The licensee harvested timber from 8 cutblocks with a total area of 50.9 hectares during the audit period. The woodlot contains several fish-bearing streams. The cutblocks were located on gentle terrain between the streams, with adequate riparian reserves or buffer zones established. There was one winter skid trail crossing of a fish-bearing stream (S3), which had been removed with no damage to the stream.

Auditors found that soil disturbance was minimized and well below the limits defined by regulation. Auditors had no concerns with timber harvesting.

Road Construction, Maintenance and Deactivation

The woodlot licence holder accesses the majority of the woodlot by using roads held by other licensees, therefore has no road maintenance obligations. The licensee constructed 3.5 kilometres of winter road during the audit period. Auditors examined all of the constructed road, which did not cross any streams. The licensee did not maintain or permanently deactivate any roads, nor install or maintain any bridges during the audit period.

The auditors did not identify any concerns with the road construction.

Silviculture Activities and Obligations

The licensee planted 226,930 seedlings in 10 cutblocks during the audit period. Auditors examined 4 of the planted blocks. There were no cutblocks with regeneration or free-growing obligations due during the audit period.

Planting

Auditors did not identify any concerns with any of the planting activities.

Annual reporting

The WLPPR^{xiii} requires an agreement holder, on or before May 31 of each year, to report information to the government regarding harvest and silviculture activities that occurred during the previous reporting period. Auditors reviewed the licensee's annual reporting and found that the licensee had not reported 2015 harvesting activities for eight cutblocks and 2016 planting for five cutblocks and is not in compliance with annual reporting requirements.

This annual reporting non-compliance is considered significant because it is indicative of a pervasive issue where the licensee has not ensured it is submitting annual reports in a timely manner.

Subsequent to the audit, the licensee corrected the errors and developed a system to prevent a similar reporting issue from happening again in the future.

Wildfire Protection

Auditors did not inspect fire tools since there were no active operations during the audit field work.

The licensee had eight cutblocks with hazard assessment and abatement obligations due or completed during the audit period. Auditors checked three cutblocks. There were no concerns identified with hazard assessment or abatement.

Audit Opinion

In my opinion, except for the issue described below, the operational planning, timber harvesting, road construction, silviculture, and fire protection activities carried out under woodlot licence W2065, held by 510709 B.C. Ltd. (Shawn and Sivert Andersen) between October 1, 2015, and October 17, 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 maintenance 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.

As described in the *Silviculture Activities and Obligations* section of the report, the audit identifies a significant non-compliance related to annual reporting.

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
June 8, 2018

ENDNOTE

^{xiii} Section 76 (2) of the *Woodlot Licence Planning and Practices Regulation* (WLPPR) states “A woodlot licence holder must, on or before May 31 each year, submit to the minister, in accordance with the requirements of subsections (3) and (4), an annual report respecting activities completed within the reporting period.”

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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