



**Forest
Practices
Board**

Audit of Forest Planning and Practices

*Nadina Natural Resource District
Woodlot Licence W0198*

FPB/ARC/218

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Introduction

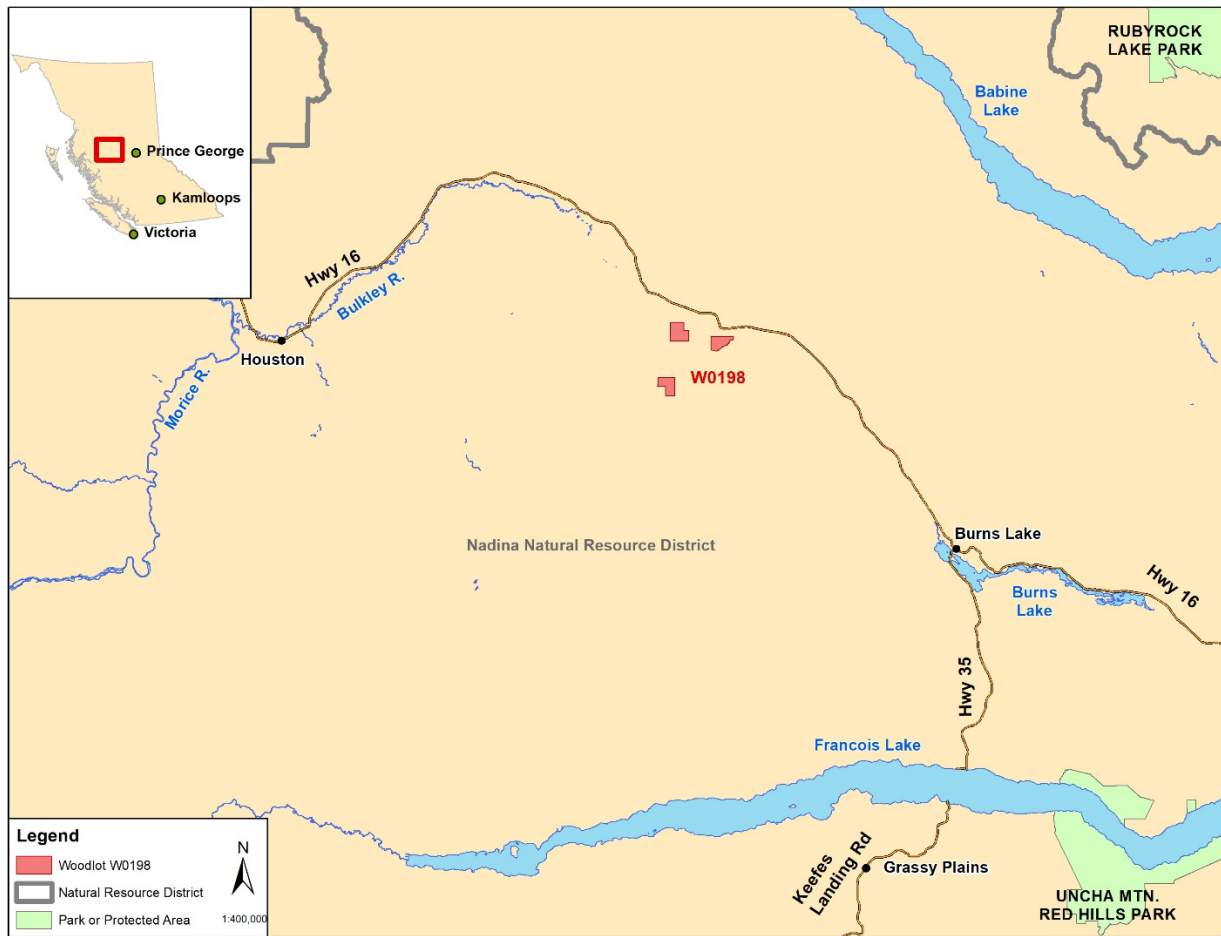
The Forest Practices Board is the public's watchdog for sound forest practices in British Columbia. One of the Board's roles is to audit the practices of the forest industry to ensure compliance with the *Forest and Range Practices Act (FRPA)* and the *Wildfire Act*.

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 the level of harvest, road, fire protection and silviculture activities that occurred and obligations that were due between October 2015 and October 2017, as well as the non-timber resource values associated with the woodlot. Licensees were not selected based on past performance.

This report explains what the Board audited and the findings for woodlot W0198, which is shown on the location 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 Licence W0198

Background

Woodlot licence W0198, awarded in 1988, is held by Marvin Strimbold. The woodlot is located approximately 30 kilometres northwest of Burns Lake and consists of 3 separate parcels of Crown land. Woodlot licence W0198 has a total area of 600 hectares of Crown land. The woodlot licence provides an allowable annual cut of 1000 cubic metres per year. During the two-year audit period, the licence holder harvested about 4750 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, 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 W0198 in the Nadina Natural Resource District between October 1, 2015, and October 19, 2017, were subject to audit. These activities included all harvesting, road, silviculture, protection activities and associated planning.

Auditors assessed these activities for compliance with FRPA, the *Wildfire Act*, and applicable regulations, in particular the *Woodlot Licence Planning and Practices Regulation* (WLPPR). Auditors' work involved interviewing the woodlot licence holder, 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 19, 2017.

Planning and Practices Examined

Operational Planning

The approved woodlot licence plan (WLP) covered the period 2008 to 2017. 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,ⁱ 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 of harvest and road activities to review prior to the field visits.

Timber Harvesting

The licensee harvested timber from two cutblocks during the audit period. Both cutblocks are located in the northwestern parcel of the woodlot and total approximately 49 hectares in area. Both cutblocks were audited.

Road Construction, Maintenance and Deactivation

The licensee had maintenance obligations on 5.3 kilometres and constructed 1.3 kilometres of road during the audit period, all of which were examined by the auditors. The licensee did not deactivate any roads or install or maintain any bridges during the audit period.

Silviculture Activities and Obligations

The licensee did not plant any cutblocks during the audit period. There were four cutblocks, totaling 22.1 hectares, with regeneration obligations due during the audit period and no cutblocks with free-growing obligations due. Auditors examined all of the cutblocks with regeneration obligations.

Wildfire Protection

There were no active operations during the audit.

Fire hazard assessment obligations were due on two cutblocks during the audit period and abatement obligations were due on four cutblocks prior to the audit period. Auditors sampled all of these cutblocks.

Findings

The auditors found that the fire protection activities carried out on woodlot licence W0198 did not comply with the requirements of the *Wildfire Act*. This is an adverse opinionⁱⁱ for these activities and is discussed below.

Auditors also identified a significant non-compliance involving regeneration obligations. This non-compliance is also discussed below.

Auditors found the other planning and activities examined were in compliance with the requirements of FRPA and related regulations.

Hazard Assessment and Abatement

The *Wildfire Act* requires licensees to conduct fire hazard assessments and abatement on all industrial activities.ⁱⁱⁱ Auditors found the licensee did not meet hazard assessment and abatement requirements for any of its harvest activities. None of the abatement activities and none of the hazard assessments sampled complied with the *Wildfire Act*.

Hazard Assessment

The licensee is required to assess the fire hazard on harvested areas and to retain the assessments should they be requested by an official.^{iv} The licensee could not provide auditors with hazard assessments for any of the six cutblocks sampled and, therefore, did not comply with the *Wildfire Act*.

Hazard Abatement

The *Wildfire Act* requires the licensee to abate fire hazards on harvested areas within a prescribed period.^v Auditors field-assessed the fire hazard on five cutblocks, all of which required hazard abatement after harvesting. Slash loading was comprised mostly of roadside log piles. Auditors found that the licensee did not abate the log piles on any of the sampled cutblocks, which is of particular concern because the woodlot is close to homes and businesses. The licensee stated that these piles had

not been abated because it was holding them for chipping, when market conditions become favorable, but the licensee did not obtain an abatement exemption from the government or engage a professional to prescribe a fuel management strategy.

Since the licensee did not meet *Wildfire Act* requirements for hazard assessment on six cutblocks and hazard abatement on four cutblocks, it is not in compliance with the *Wildfire Act* and the *Wildfire Regulation*. These are significant non-compliances because the licensee did not minimize the risk of a fire starting, the potential fire behaviour, or the potential suppression required should a fire start. These combined significant non-compliances are of sufficient magnitude to warrant an overall negative conclusion.

Silviculture Activities and Obligations

The WLPPR requires a licensee to meet regeneration requirements within the time frame specified in its WLP. Auditors found that the licensee did not meet regeneration requirements within the required period on all four cutblocks audited. The regeneration due date for these cutblocks was January 2016. The licensee surveyed the cutblocks in October 2013 and found the cutblocks did not meet stocking requirements at that time. The licensee stated that it was relying on natural regeneration to stock the stand by the regeneration date. However, the auditors conducted their field review after the regeneration due date and noted that the stands did not contain enough trees to meet stocking requirements. The licensee did not conduct any additional surveys to demonstrate it was monitoring stocking in the cutblocks. This is considered a significant non-compliance because the licensee did not ensure that it met regeneration requirements.

Subsequent to the audit, the licensee stated it has notified the Ministry of Forests, Lands, Natural Resource Operations and Rural Development's district staff and developed a strategy to mitigate the deficiency, including planting the cutblocks in 2018 and extending the free-growing period.

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

Operational Planning

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

Both cutblocks are on flat ground. The one stream (fish-bearing S4) in this parcel of the woodlot is located between the two cutblocks and is protected with a riparian management area. Auditors found that soil disturbance was minimized and below the limits defined by regulation.

The auditors had no concerns with timber harvesting.

Road Construction, Maintenance and Deactivation

The road construction included re-construction of an existing all season road on flat ground with no stream crossings. Natural drainage patterns were maintained. The road construction was adequate for the site conditions.

The road maintenance included both active, all-season roads and inactive winter roads (wilderness). The one fish-stream crossing (S4) had a properly functioning culvert. Natural drainage patterns were maintained. Maintenance of both active and inactive roads was adequate for the conditions.

The auditors had no concerns with road maintenance or construction.

Wildfire Protection

Auditors did not assess fire preparedness as there were no active operations during the audit.

Hazard assessment and abatement activities did not comply with the *Wildfire Act*, as discussed above.

Audit Opinion

In my opinion, the fire protection activities carried out by Marvin Strimbold on woodlot licence W0198, between October 1, 2015, and October 19, 2017, did not comply in all significant respects with the requirements of the *Wildfire Act* and related regulations, as of October 2017. There is no opinion provided for fire preparedness.

As described in the *Hazard Assessment and Abatement* section of this report, the concerns identified regarding fire protection are representative of the activities audited and are found to not be in compliance with the *Wildfire Act*.

In my opinion, except for the issue described below, the operational planning, timber harvesting, road construction and maintenance activities carried out under woodlot licence W0198, held by Marvin Strimbold, between October 1, 2015, and October 19, 2017, complied in all significant respects with the requirements of the *Forest and Range Practices 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 regeneration obligations.

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

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 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 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.

ENDNOTES

ⁱ 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.

ⁱⁱ An “adverse opinion” is an overall negative conclusion, which is appropriate when significant non-compliance is individually or collectively of sufficient magnitude to warrant an overall negative opinion.

(CARM – version 7.1, July 2016 – page 26)

ⁱⁱⁱ *Wildfire Act: Hazard assessment and abatement, section 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. Section 7 (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.

^{iv} The licensee was conducting an industrial activity, defined in the *Wildfire Act*, and the prescribed interval (WR s 11(3)) for hazard assessments is every 6 months during the period it was conducting the activity, or as prescribed by a professional forester or a registered forest technologist. No other periods were prescribed so auditors used the 6 month period to assess compliance.

^v The licensee is a “qualified holder”, defined in the *Wildfire Regulation*, and the prescribed period for hazard abatement is 30 months, beginning on the date harvest activities began, or as prescribed by a professional forester or a registered forest technologist. No other periods were prescribed so auditors used the 30 month period to assess compliance.



**Forest
Practices
Board**

PO Box 9905 Stn Prov Govt

Victoria, BC V8X 9R1 Canada

Tel. 250.213.4700 | Fax 250.213.4725 | Toll Free 1.800.994.5899

For more information on the Board, please visit our website at: www.bcfpb.ca