



**Forest
Practices
Board**

Audit of Forest Planning and Practices

*Adams Lake
Forest Licence A89984*

FPB/ARC/223

January 2019

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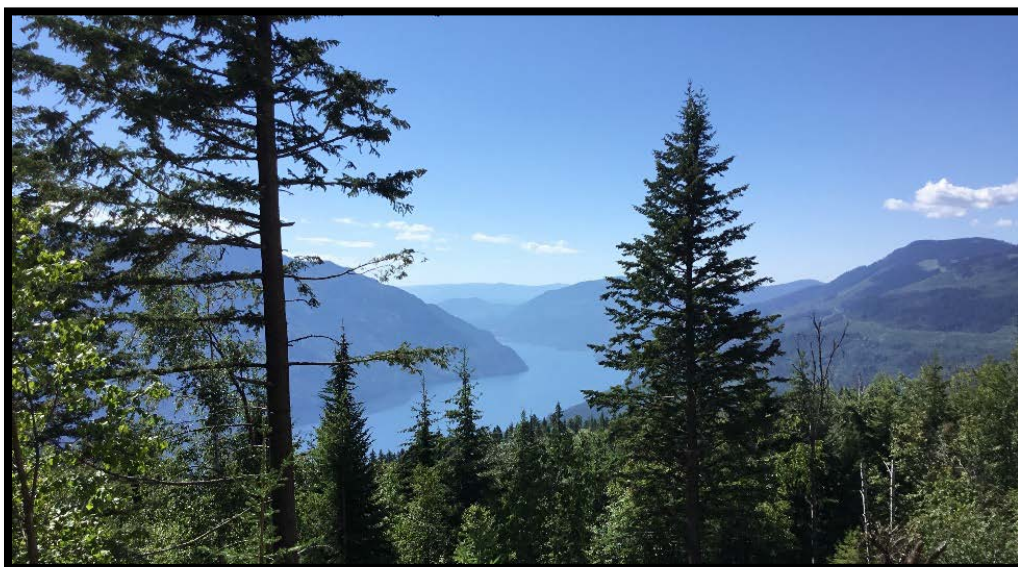
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Introduction

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

As part of its 2018 compliance audit program, the Board randomly selected the Thompson Rivers Natural Resource District for a full scope compliance audit. Within the district, the Board randomly selected forest licence A89984, held by Adams Lake, for audit. Adams Lake is managed by the Adams Lake Indian Band.

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



Adams Lake as seen from Adams Lake's operating area.

Audit Results

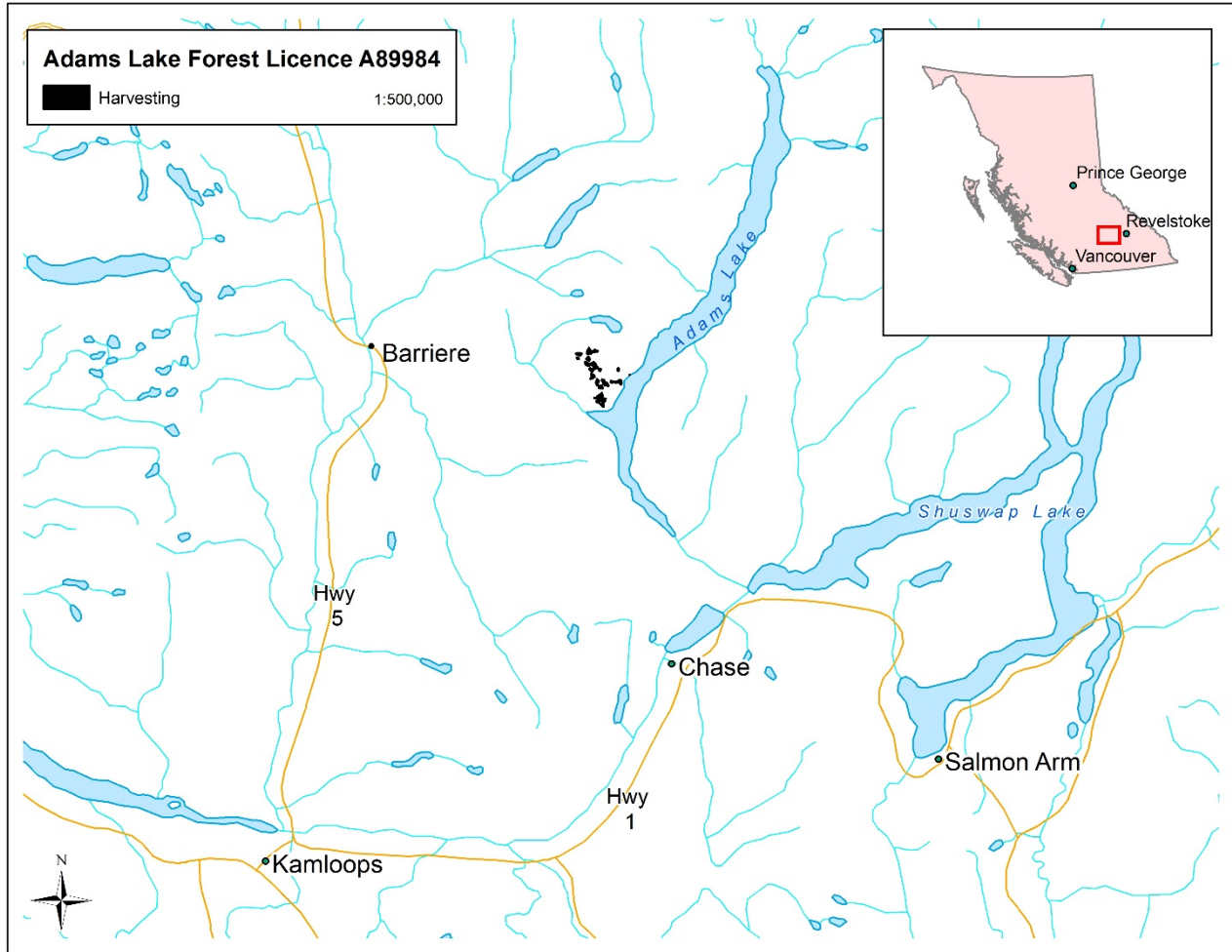
Background

Government issued forest licence A89984 to Adams Lake in January 2016, in accordance with section 47.3 of the *Forest Act*. This section permits the Minister to enter into a forest licence with a first nation to implement or further an agreement respecting treaty-related measures, interim measures or economic measures. Adams Lake is permitted to harvest 27 840 cubic metres of timber each year under the terms of the forest licence.

The operating area is approximately 60 kilometres northwest of Kamloops on the west side of Adams Lake. Communities near the operating area include Barriere and Chase. A map of the audit area appears on page 2.

Interfor Corporation (Interfor) has operated in the same area for many years. Through an arrangement with Adams Lake, Interfor planned and harvested the cutblocks and built roads. Harvesting began in January 2017.

Map of the Audit Area



Audit Approach and Scope

This was a full scope compliance audit and all activities carried out between June 1, 2016, and June 26, 2018, were eligible for audit. These included operational planning (preparation of a forest stewardship plan (FSP)¹ and site plans), timber harvesting, wildfire protection, and the construction and maintenance of roads. There were no bridges or major structures² required to access timber in this licence, other than those installed and currently maintained by other licensees. Silviculture activities have not yet commenced on this licence.

Auditors assessed these activities for compliance with FRPA, the *Wildfire Act*, and applicable regulations. This work included interviewing licensee staff, reviewing the FSP and site plans, and visiting sites to review field practices. Sites were accessed by truck.

¹ The FSP is a key planning element in the FRPA framework and the only plan subject to public review and comment and government approval. In its FSP, a licensee is 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 cutblocks. FSPs can have a term of up to five years.

² Major structure includes bridges and major culverts.

- Bridge means a temporary or permanent crossing structure with a span length equal to or greater than 6 metres or an abutment height of 4 metres or greater.
- Major culvert has a pipe diameter of 2 metres or greater or is a pipe arch or open bottom arch with a span greater than 2.13 metres.

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 forest professionals were in the field with licensee representatives on June 26, 2018.

Planning and Practices Examined

Operational Planning

Adams Lake is currently operating under FSP #133. It was prepared by Interfor and approved in 2012. Adams Lake was added to the FSP in 2014. The FSP covers several tenures held by five licensees including Interfor and Adams Lake. The district manager approved two extensions to the FSP, and it expired in October 2018.

Auditors examined the FSP and stand-level site plans for consistency with legal requirements and government orders regarding old growth and wildlife. Auditors also confirmed whether site plans accurately identified site conditions during field sampling.

Timber Harvesting

The licensee harvested 82 170 cubic metres from 12 cutblocks, totalling 254.5 hectares, during the audit period. Auditors examined all cutblocks within the population.

Road and Major Structure Construction, Maintenance, and Deactivation

Interfor built and maintained 14.1 kilometres of road on behalf of Adams Lake during the audit period. No roads have been fully deactivated and several roads are classified as long-term roads. All of these roads were sampled during the audit. Adams Lake is not responsible for any bridges or major structures related to its forest licence.

Silviculture Obligations and Activities

As harvesting only began in January 2017, no silviculture activities, including reforestation, have occurred yet. Correspondingly, there were no silvicultural obligations due during the audit period.

Wildfire Protection

No work sites were active during the field audit, so wildfire preparedness was not assessed. Auditors examined fire hazard assessment and abatement practices as part of the harvest sampling.

Findings

Operational Planning

Planning was consistent with the FSP and legal requirements. Adams Lake addressed site specific resources in the site plans by accurately identifying and prescribing practices for resource features. Adams Lake Indian Band members conduct over 500 cultural heritage assessments a year for licensees in the area.

Five cutblocks were planned and logged on steeper, east-facing slopes that are visible from Adams Lake. The visual quality objective for the area is partial retention, which means that alterations (cutblocks) may be easy to see, small to medium in scale and natural and not rectilinear or geometric in shape. The cutblocks were carefully designed and logged to only marginally add to the alteration on the hillside. Retained timber was both grouped and dispersed with a diverse mix of species and canopy classes.

There were no concerns with operational planning.

Timber Harvesting

Harvesting was conducted in accordance with the requirements of legislation and site plans. Soil disturbance was well managed and minimized, and natural drainage patterns were maintained. Riparian features were accurately identified and protected. Loggers took care around retained trees to ensure that they were not damaged. Auditors had no concerns with harvesting.

Road Construction and Maintenance

Road Construction

Road construction difficulty ranged from low risk terrain with minimal issues to a few areas of steeper, but not unstable terrain. Natural drainage patterns were well maintained with adequate culvert sizing and placement. Roads were constructed and maintained in compliance with regulations.

Road Maintenance

A number of in-block roads were seasonally deactivated after harvesting, which the Board considers to be a maintenance activity. There were no concerns with road maintenance activities.

Wildfire Protection

Fire Hazard Assessment

Interfor completed fire hazard assessments as part of its final block inspections on behalf of Adams Lake. The risk assessment includes adjacent values and quantitatively rates values at risk of fire damage. The fuel hazard is also considered. There were no concerns with fire hazard assessment.

Fire Hazard Abatement

Slash was either piled or piled and burned on completed cutblocks. Burned piles in block SAM011 scorched and killed approximately 0.3 hectares of standing timber because there was not a sufficient fuel break to prevent the fire spreading beyond the pile. On two other cutblocks, unburned piles were similarly located next to standing timber. If those piles are burned in place, it is likely adjacent timber will be damaged.

Section 7 of the *Wildfire Regulation* requires that a sufficient fuel break be maintained to ensure that a fire does not escape. Adams Lake did not comply with this requirement and this is considered an area requiring improvement.

Audit Opinion

In my opinion, the operational planning, timber harvesting, road maintenance, and fire protection activities carried out by Adams Lake on forest licence A89984 between June 1, 2016 and June 26, 2018, complied in all significant respects with the requirements of the *Forest and Range Practices Act*, the *Wildfire Act* and related regulations, as of June 2018. No opinion is provided regarding silviculture activities and obligations or 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

Without qualifying my opinion, I draw attention to the *Fire Hazard Abatement* 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 *Forest and Range Practices Act*, and *Wildfire Act*.



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

Victoria, British Columbia
November 15, 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*. Compliance audits examine forest or range planning and practices to determine whether or not they meet FRPA and / or *Wildfire Act* requirements. The Board conducts about 10 compliance audits annually. Most of these are audits of agreement holders. The Board also audits the government's BC Timber Sales Program (BCTS).

Selection of auditees

To begin with, auditors randomly select an area of the Province, such as a natural resource 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, auditors choose the auditee(s) that best suits the selected risk and priorities. The audit selections are not based on past performance.

For example, in 2016, the Board randomly selected the Dawson Creek portion of the Peace Natural Resource District as a location for an audit. After assessing the activities within the area, it was noted that there were two community forest agreements that had not yet been audited by the Board. As the Board strives to audit an array of licence types and sizes each year, these two community forest agreements were selected for audit.

For BCTS audits, a district or timber supply area within 2 of the 12 business areas in the province is selected randomly for audit. Only those areas that have not been audited by the Board in the past five years are eligible for selection.

Audit Standards

The audits are conducted in accordance with auditing standards developed by the Board. These standards include 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 and 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. For smaller audits, the sample will include the full population.

Auditors' work includes interviewing licensee staff, reviewing applicable plans, assessing features from helicopters and measuring specific features like riparian reserve zone width using ground procedures. The audit teams generally spend three to five days in the field.

Evaluating the Results

The Board recognizes that compliance with the requirements of FRPA and the *Wildfire Act* 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 legal 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 *Wildfire Act* requirements.

Unsound Practice – where the auditor identifies a significant practice that, although in compliance with FRPA or the *Wildfire Act*, 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, these events 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 more non-compliance events.

If a significant breach of the legislation 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 copy of the draft report for review and comment before it is submitted to the Board.

The Board reviews the draft report 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 reviews representations from parties that may potentially be adversely affected, makes any necessary changes to the report, and decides if recommendations are warranted. The report is then finalized and released: first to the auditee and then to the public and government seven days later.



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