



**Forest
Practices
Board**

Audit of Forest Planning and Practices

*Saik'uz First Nation
Non-Replaceable Forest Licence A91154*

FPB/ARC/231

October 2019

Audit Results

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 2019 compliance audit program, the Board randomly selected the Stuart Nechako Natural Resource District as the location for a full scope compliance audit. Within the district, the Board selected non-replaceable forest licence (NRFL) A91154, held by Saik'uz First Nation (Saik'uz), for audit.

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



A recently planted seedling in typical terrain for the area.

Background

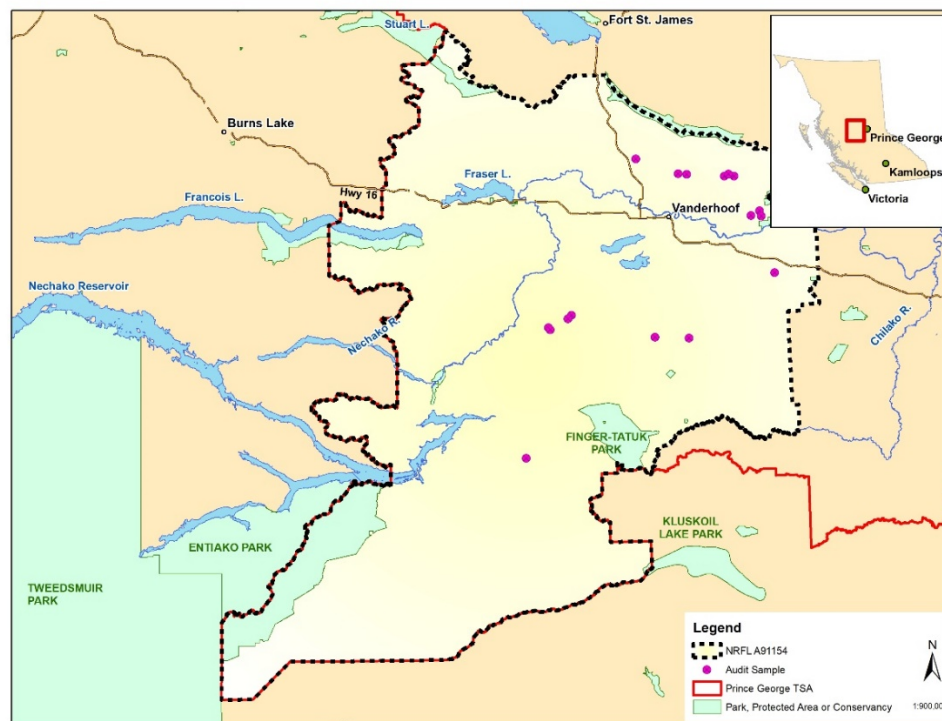
NRFL A91154 was a 5-year non-replaceable licence that was a bridge between two longer term licences held by Saik'uz First Nation. The licence was issued September 1, 2013, and expired on March 31, 2019.

The allowable annual cut for NRFL A91154 was 75,000 cubic metres of timber. Approximately 180,380 cubic metres was harvested during the audit period. The maximum harvest volume for the licence was 375,000 cubic metres and this amount was achieved over the 5 years of the licence. Saik'uz First Nation has an arrangement with Sinclar Group Forest Products Ltd. (Sinclar) to manage the NRFL. Sinclar conducts the planning and forestry activities on the ground.

The licence is within the Prince George timber supply area (TSA), and more specifically is within supply block¹ D of the TSA, which includes the communities of Vanderhoof and Fraser Lake. Supply block D is located approximately 50 kilometres west of Prince George and approximately 25 kilometres south of Fort St. James. Entiako and Tweedsmuir Provincial Parks are located in the south west corner of supply block D.

The terrain is dominated by gently rolling hills and numerous lakes, rivers and wetlands.

Map of the Audit Area



¹ A timber supply block is a designated area within a timber supply area that is established by the Ministry in order to practice sound, integrated, resource management principles to improve the allowable annual cuts.

Audit Approach and Scope

This was a full scope compliance audit and all activities carried out between August 1, 2017, and August 21, 2019, were eligible for audit. These activities included operational planning (forest stewardship plan (FSP)ⁱ and site plans), timber harvesting, wildfire protection, silviculture, and construction and maintenance of roads and major structures.²

Auditors assessed these activities for compliance with FRPA, the *Wildfire Act*, and related regulations. This work included interviewing Sinclair staff, reviewing the FSP and site plans, examining records, and visiting sites to review field practices. One forest professional, one forest professional/geoscientist-in-training and a chartered professional accountant made up the audit team. The team was in the field with licensee representatives on August 20 and 21, 2019.

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*.

Planning and Practices Examined

Operational Planning

All the activities audited were planned under FSP#618, which is held jointly by Nechako Lumber Company Ltd. and Saik'uz First Nation. Sinclair took over management of Nechako Lumber Company Ltd. on March 22, 2017, which accounts for the name difference on the FSP. The FSP came into effect on August 17, 2016, and expires on August 8, 2021.

Auditors examined the FSP and stand-level site plans for consistency with legal requirements. During harvesting, road and silviculture field sampling, auditors also confirmed whether site plans accurately identified conditions on the ground.

The key forest values associated with activities that took place during the audit period are riparian management and visual quality.

Timber Harvesting

Twenty-two blocks were harvested during the audit period and auditors examined 10 blocks.

Blocks were risk rated and a sample was chosen to represent different forest values and geographic areas within the operating area.

Road and Bridge Construction, Maintenance and Deactivation

The population and sample of road and bridge activities are shown in the table below. No roads or bridges were deactivated during the audit period, although many roads are seasonally maintained.

² Major structures include bridges and major culverts, where:

- 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.
- A major culvert has a pipe diameter of 2 metres or greater or is an open bottom arch with a span greater than 2.13 metres.

ACTIVITY	POPULATION	SAMPLE
Road Construction	26.7 km	25.1 km
Road Maintenance	17.1 km	7.3 km
Bridge Construction	3	2
Bridge Maintenance	1	1

Silviculture Obligations and Activities

Planting and meeting the regeneration milestone were the only activities and obligations during the audit period, since the licence was only issued in 2013.

There was a significant amount of overlap between the harvest, planting and regeneration declared blocks. During the audit period, 16 blocks were planted and 27 blocks had the regeneration milestone due or declared. Auditors sampled 8 planting blocks and 10 regeneration milestone blocks. All 16 planted blocks were reviewed for compliance with the seed transfer guidelines.

Wildfire Protection

Auditors examined fire hazard assessment and abatement practices as part of the harvest sampling. There were no active sites during field sampling for auditors to examine fire preparedness.

Findings

Operational Planning

Planning was consistent with the FSP and legal requirements, including government orders. Site specific resources were addressed in the site plans by accurately identifying and prescribing practices for resource features, including streams and wetlands, wildlife habitat and visual quality objectives.

Auditors had no concerns with operational planning.

Timber Harvesting

Auditors risk rated the harvest population and visited 10 blocks in the field. There were no active sites during the audit field work, as the licence had expired.

Riparian features were accurately identified and appropriately managed. Soil disturbance was minimized and natural drainage patterns were maintained. Dispersed deciduous retention was maintained in blocks, in addition to designated patch retention.

Two of the harvest blocks were located in an area with an established visual quality objective (modification) and auditors determined the visual quality objectives were met.

In summary, harvesting was conducted in accordance with the requirements of legislation and site plans.

Road and Major Structure Construction and Maintenance

Auditors found that newly constructed roads followed the plans, maintained natural drainage, and posed no risk to forest resources. Auditors had no concerns with the new roads constructed.

Due to the short term of the licence, there was a limited amount of road maintenance associated with this licence. Auditors found that the licensee maintained natural drainage patterns and the roads posed no risk to forest resources. Auditors had no concerns with the road maintenance.

The documentation for all three constructed bridges was reviewed and found to be in compliance with regulations. Two of the bridges were visited in the field and were well constructed and adhered to the designs. Overall, auditors found no issues with the new bridge construction.

The one bridge in the maintenance population was reviewed and appeared to have been constructed just outside of the audit time period. Auditors had no safety or environmental concerns with bridge maintenance.

Silviculture

Blocks are planted after harvest with a mix of species appropriate to the site. The regeneration milestone is typically declared at the time of planting. The silviculture sample included blocks with the regeneration milestone due and the planted trees on these slightly older blocks were showing good survival, health and vigor. Silviculture reporting was timely and accurate. Auditors had no concerns with silviculture.

Wildfire Protection

There were no active sites at the time of the field audit.

Slash is routinely piled on the cutblocks and fire hazard assessments are completed in a timely fashion. The assessment form covers the fuel loading factors and the risk of ignition.

Sinclar is working with biomass companies in the Vanderhoof area to allow them access to wood waste close to town, while still ensuring that the fire hazard is abated within the required time period.

Evidence of this partnership working was seen in the harvest and silviculture sampled blocks, where a grinder had been brought into the block to grind the waste piles, then the ground material was transported to the energy facility. The pile sites were left with some scattered debris and the areas were planted.

Waste piles on blocks that were outside the feasible distance for grinding or required abatement to meet timing requirements in the regulation were burned.

In summary, auditors had no concerns with hazard assessment, abatement, or wildfire preparedness.

Audit Opinion

In my opinion, the operational planning, timber harvesting, road and major structure construction and maintenance, and fire protection activities carried out by Saik'uz First Nation on non-replaceable forest licence A91154 between August 1, 2017, and August 21, 2019, complied in all significant respects with the requirements of the *Forest and Range Practices Act*, the *Wildfire Act* and related regulations, as of August 2019. 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.

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
October 3, 2019

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 are 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.

ENDNOTE

ⁱ A forest stewardship plan (FSP) is a key planning element in the FRPA framework and the only plan subject to public review and comment and government approval. In its FSP, BCTS 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.



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