



**Forest
Practices
Board**

Audit of Forest Planning and Practices

*Terrace Community Forest Limited Partnership
Community Forest Licence K1X*

FPB/ARC/168

November 2014

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Audit Results

Background

As part of the Forest Practices Board's 2014 compliance audit program, the Board randomly selected the Coast Mountain Resource District, an amalgamation of the old Kalum and North Coast Districts, as the location for a full scope compliance audit. Within the district, the Board selected Community Forest Licence K1X, held by Terrace Community Forest Limited Partnership¹ (TCF).

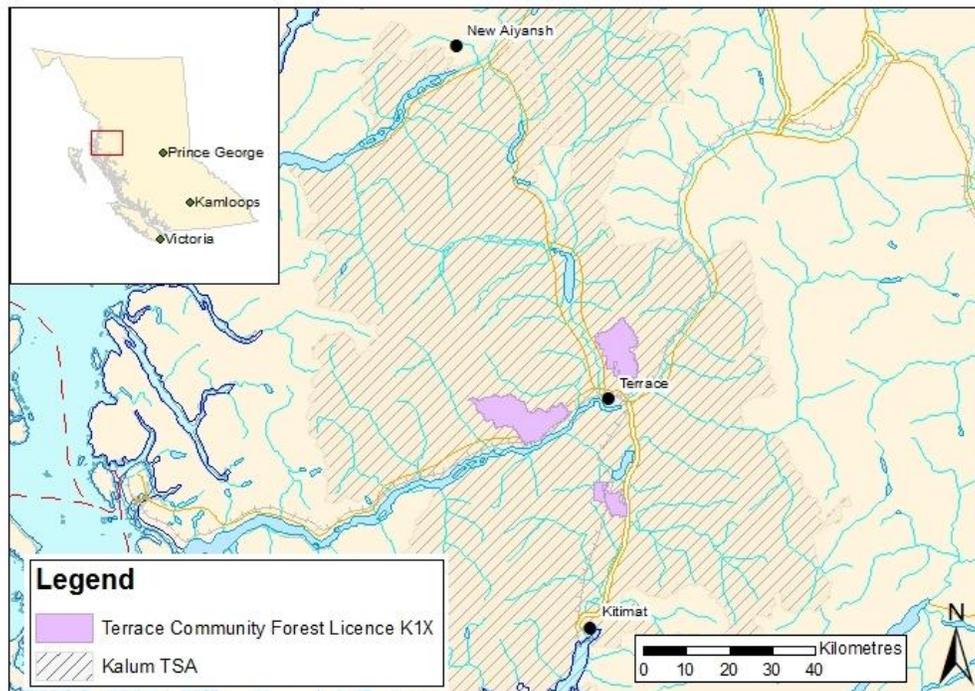
TCF was granted a probationary license in 2006, but due to poor economic conditions, didn't start harvesting until 2010. In June 2011, TCF was awarded a 25-year long term licence. TCF is located in the Kalum Timber Supply Area and conducts operations in three distinct operating areas over six landscape units, all located close to the City of Terrace. The three operating areas cover 9,000 hectares. The southern operating area, the Kitimat Valley, was initially harvested in the 1970s and has now been spaced and second-growth management prescriptions are being implemented.

Community Forest Licence K1X has an allowable annual cut of 30,000 cubic metres. During the two-year audit period, TCF harvested approximately 54,000 cubic metres.

Two professional foresters, a professional engineer and a chartered accountant made up the audit team. Field work was carried out from August 25 to 28, 2014.

Additional information about the Board's compliance audit process is provided in Appendix 1.

Map of Terrace Community Forest – Community Forest Licence K1X



¹ The Terrace Community Forest Limited Partnership is 99 percent owned by the City of Terrace and 1 percent owned by the Terrace Community Forest.

Audit Approach and Scope

The Board conducted a full scope compliance audit, which includes all harvesting, roads, silviculture, protection activities, and associated planning, carried out between August 1, 2012, and August 28, 2014. Auditors assessed these activities for compliance with the *Forest and Range Practices Act* (FRPA), the *Wildfire Act* (WA) and related regulations.

The Board's audit reference manual, *Compliance Audit Reference Manual, Version 7.0, September 2012*, set out the standards and procedures that were used to carry out this audit.

Planning and Practices Examined

Objectives Set by Government

Forestry activities must comply with objectives set by government in the *Forest and Range Practices Act* (FRPA), and related regulations, and the *Kalum Sustainable Resource Management Plan* (SRMP). The SRMP established *legal* objectives and strategies for biodiversity, wildlife, community watersheds and visual resources, as they pertain to forestry activities.

In addition, TCF must comply with:

- Visual quality objectives for the former Kalum Forest District.
- *Government Action Regulation* (GAR) order for general wildlife measures for mountain goat ungulate winter range in the Nass, Kalum and North Coast Timber Supply Areas.
- GAR orders for coastal tailed frog and marbled murrelet.

Operational Plans

TCF conducts its operational planning under a joint forest stewardship plan² with Forest Licence A16836 (A&A Trading Ltd.). This FSP provides the link between FRPA objectives and forestry activities for TCF operations through the establishment of measurable and verifiable results and strategies to achieve these objectives. Auditors reviewed the FSP to ensure it meets FRPA requirements. Auditors also evaluated site plans to ensure that they accurately identified site conditions and applied the appropriate standards.

Summary of Activities Audited

The field activities and obligations carried out by TCF during the audit period, and those that were sampled, are shown in Table 1.

² 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 FSPs, licensees are 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.

Table 1, Summary of Audit Population and Audit Sample

Description	Total Population	Audit Sample
Harvested (cutblocks)	6	6
Road construction (km)	1.5	1.5
Road maintenance (km)	42.0	41.8
Road deactivation (km)	0.2	0.2
Bridges or major structures (#)	None	None
Planted (cutblocks)	8	7
Brushed (cutblocks)	2	1
Spaced (cutblocks)	4	4
Regeneration due (cutblocks)	1	1
Free growing due (cutblocks)	None	None

Findings

The audit found that the planning and field activities undertaken by TCF on Community Forest Licence K1X met the requirements of *FRPA*, *WA* and related regulations.

Operational Planning

The audit found that TCF incorporated the relevant requirements of the Kalum SRMP into the FSP. The FSP was consistent with legislated requirements and the approved land use plan. Site plans were consistent with the FSP.

Timber Harvesting

Topography in the operating area is gently rolling with very little rock or steep slopes. TCF used ground-based harvest systems and all blocks were harvested as planned.

Most harvesting targeted second-growth stands



Commercial thinning operation

damaged by spruce leader weevil. There was one active commercial thinning operation.

Soil Disturbance

TCF met the soil disturbance limits required by regulation.

Riparian

There were few riparian areas in or near the areas of TCF's operations. TCF demonstrated sound riparian management by establishing adequate timber buffers—usually wildlife tree patches—around streams, wetlands and lakes.



Retention around small wetland/lake.

Wildlife Tree Retention (WTR)

TCF maintained between 7.1 and 10.4 percent of the gross area in wildlife tree patches, with an average of 8 percent. This met the target of 7 percent committed to in the FSP. Most wildlife tree retention was in patches internal to, or abutting, the harvested area or around riparian features.



Wildlife tree retention in a cut block.

Road Construction, Maintenance and Deactivation

Auditors had no concerns with road construction, maintenance or deactivation.

Table 2 Summary of Road Population and Audit Sample

	Active Roads		Wilderness Roads ³	
	Total Pop'n (km)	Audit Sample (km)	Total Pop'n (km)	Audit Sample (km)
Road Construction	0.9	0.9	0.6	0.6
Road Maintenance ⁴	1.3	1.3	40.7	40.6
Road Deactivation	0	0	0.2	0.2

TCF reconstructed and utilized existing roads when harvesting stands damaged by spruce leader weevil and when conducting the commercial thinning operation.

All roads were well maintained and there was no evidence of siltation or road failures. Roads that had been deactivated prior to the audit period were stable.

Silviculture Activities and Obligations

Planting

Seven cutblocks were field reviewed and all eight cutblocks were reviewed for compliance with the Chief Forester's Standards for Seed Use.

TCF planted mixed species in all cutblocks. There were minor areas where TCF planted seedlings outside of the limits specified in the standards. However, these variances accounted for less than three percent of all seedlings planted and TCF is permitted to plant up to five percent outside of the limits.

Brushing

No issues were noted on the one brushed cutblock reviewed in the field.

³ A road authorized under a road permit or a cutting permit that is not being used by industrial users.

⁴ Road maintenance means the licensee must ensure that for active roads the structural integrity of the road prism and clearing width are protected, the drainage systems of the road are functional and the road can be used safely by industrial users. When maintaining a wilderness road, the licensee does not have to ensure that the road is safe for industrial users.

Spacing

Auditors did not find any issues on the spaced cutblocks. A forest professional prepared, signed and sealed a stand-management prescription for the spaced cutblocks.

Regeneration Delay Due

One cutblock had a regeneration delay come due during the audit period. The cutblock was reviewed and, although the government's RESULTS database was not updated, the licensee had conducted a regeneration survey and the cutblock was classified as being fully stocked.



Spaced stand.

Free Growing Due

There were no free-growing obligations due during the audit period.

Reporting

TCF generally met the required reporting timelines; however, the auditors identified two minor data entry errors that were quickly resolved.

Fire Protection Activities

TFC met the requirements of the *Wildfire Act*. Auditors inspected the one active operation and determined that there was at least one hand tool per person and there was an adequate water delivery system on-site, as required by the legislation.



Slash piled to facilitate hazard abatement.

The auditors also observed that TCF had piled logging debris in a manner that would facilitate burning. On most blocks where burning had taken place, the piles had completely burned. However, in the few instances where this did not occur, TCF has committed to re-pile and burn the debris again. TCF did not conduct broadcast burning.

Audit Opinion

In my opinion, the operational planning, timber harvesting, road construction, maintenance and deactivation, silviculture, and fire protection activities carried out by Terrace Community Forest Limited Partnership on Community Forest Licence K1X between August 1, 2012, and August 28, 2014, complied in all significant respects with the requirements of the *Forest and Range Practices Act*, the *Wildfire Act* and related regulations, as of July 2014.

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. Such an audit includes examining sufficient forest planning and practices to support an overall evaluation of compliance with FRPA, and WA.



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Director, Audits

Victoria, British Columbia
November 13, 2014

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* (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 8 or 9 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.

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.

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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