

# AUDIT OF FOREST PLANNING AND PRACTICES

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Kalesnikoff Lumber Co. Ltd.  
Forest Licence A20194

MARCH 2022  
FPB/ARC/245



**Forest  
Practices  
Board**

BC'S INDEPENDENT  
WATCHDOG FOR  
SOUND FOREST &  
RANGE PRACTICES

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# 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 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 2021 audit program, the Board randomly selected the Selkirk Natural Resource District (NRD) and within the district it selected forest licence (FL) A20194, held by Kalesnikoff Lumber Co. Ltd. (Kalesnikoff) for audit.

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



Kalesnikoff's operating area. Note, the haziness of the photo is due to the wildfire smoke while auditors were in the field.

## Background

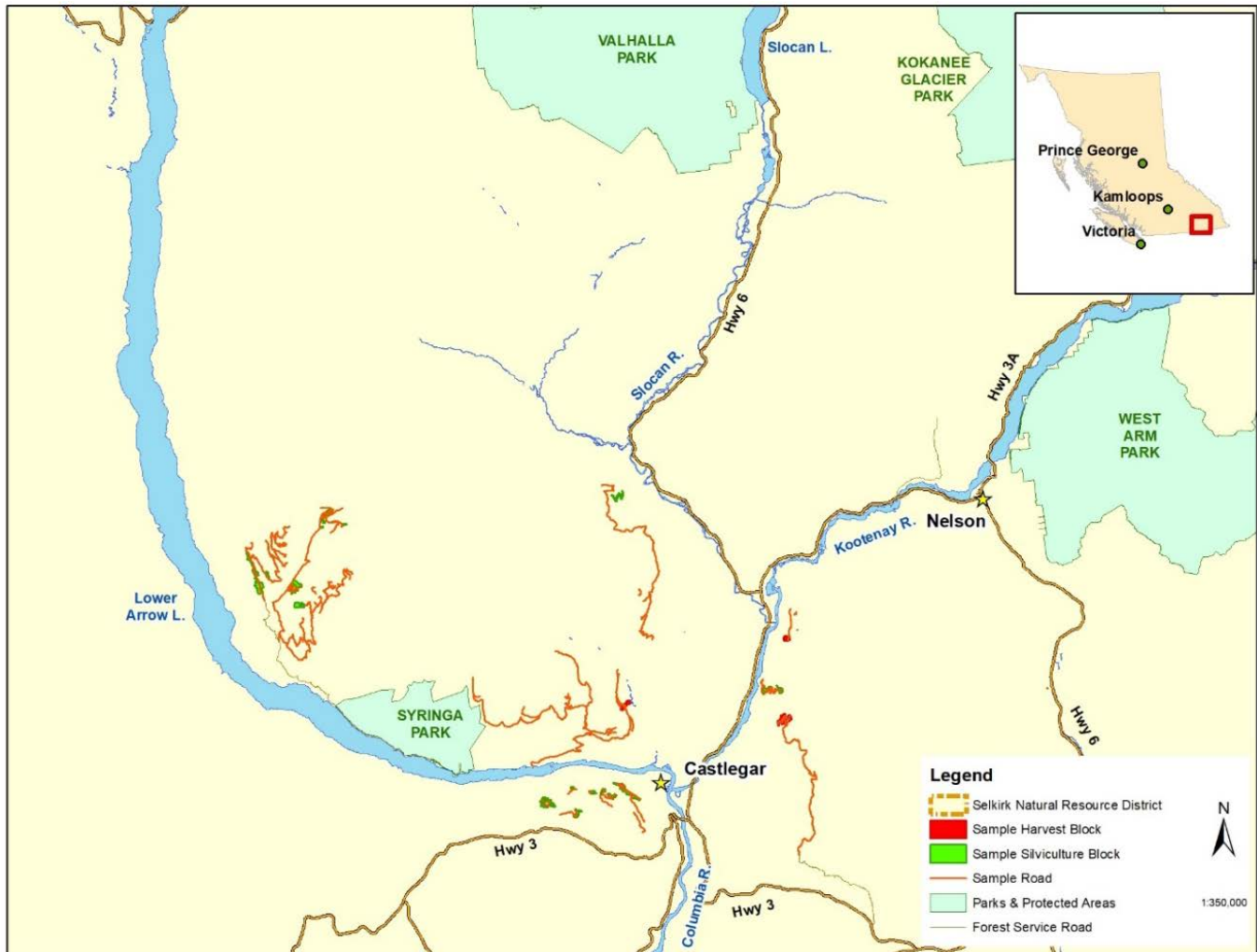
FL A20194 is a volume based tenure<sup>1</sup> within the Arrow timber supply area (TSA) portion of the Selkirk NRD. The Arrow TSA is bounded to the south by the Canada – U.S.A. border, to the west by the Monashee Mountains, and to the east by the Selkirk Mountains.

Forests in the Arrow TSA are among the most productive and diverse in the interior of the province. The predominant tree species at higher elevations are subalpine fir and Engelmann spruce. At lower elevations they are Douglas-fir, lodgepole pine, western larch, western hemlock, and western red cedar. The diverse ecology and mountainous terrain and lakes provide a wide range of natural resource values within the Arrow TSA including: timber, fish, wildlife habitat, water, recreation, and tourism.

FL A20194 falls within the traditional territories of four First Nations: the Adams Lake Indian Band, Ktunaxa Nation Council, Neskonalith Indian Band and Osoyoos Indian Band, and the Forest Practices Board recognizes their deep connection with the land that continues to this day.

FL A20194 has an allowable annual cut of 34 700 cubic metres. During the two-year audit period, the licensee harvested about 16 000 cubic metres.

## Map of the Audit Area



## Audit Approach and Scope

This was a full scope compliance audit with a two-year timeframe. All activities Kalesnikoff carried out between September 1, 2019, and September 9, 2021, were subject to audit. The activities included harvesting, silviculture, wildfire protection and associated planning, and the construction, maintenance and deactivation of roads and major structures.<sup>ii</sup>

Auditors assessed these activities for compliance with FRPA, the *Wildfire Act*, and applicable regulations and legal orders. Auditor's work included interviewing Kalesnikoff staff; reviewing the forest stewardship plan<sup>iii</sup> (FSP) and site plans; assessing silviculture records; and conducting site visits with Kalesnikoff staff to review field practices. Sites were accessed by truck and by helicopter. Two forest professionals made up the audit team, which was in the field from September 7 to September 9, 2021.

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

Kalesnikoff planned its activities under an approved FSP. Auditors examined the FSP for consistency with legal requirements, including the *Kootenay Boundary Higher Level Plan Order*, which specifies government objectives for mature and old seral targets; streams licensed for domestic water use; ungulate winter range for moose, elk, mule deer, whitetail deer and caribou; visual quality objectives; and wildlife habitat areas. Auditors also reviewed Kalesnikoff's site plans during field sampling for harvesting, road, and silviculture to ensure that they accurately identified site conditions.

## Timber Harvesting

Kalesnikoff harvested four cutblocks during the audit period and auditors examined all four.

## Road and Major Structure Construction, Maintenance and Deactivation

Kalesnikoff maintained roads and bridges. It did not construct or deactivate any roads or bridges during the audit period.

**TABLE 1.** Population and Sample for Road and Bridge Activities

ACTIVITY	POPULATION	SAMPLE
	(Kilometres)	(Kilometres)
Road maintenance	253	104
Bridge & major culvert maintenance	(Structures)	(Structures)
	13	9

## Silviculture Obligations and Activities

Kalesnikoff conducted planting and brushing activities, and had regeneration and free-growing obligations during the audit period.

**TABLE 2.** Population and Sample for Silviculture Activities and Obligations

OBLIGATIONS AND ACTIVITIES	POPULATION	SAMPLE
	(Cutblocks)	(Cutblocks)
Planting	24	6
Brushing	5	5
Regeneration obligations (due or declared)	18	12
Free-growing obligations (due or declared)	27	14

## Wildfire Protection

Auditors examined fire hazard assessment and abatement activities. There were no active operations encountered during the audit field work and, therefore, fire preparedness requirements were not examined.

**TABLE 3.** Population and Sample for Wildfire Activities

ACTIVITY	POPULATION (Cutblocks)	SAMPLE (Cutblocks)
Fire hazard assessment	3	3
Fire hazard abatement	12	7

## Findings

The audit found that Kalesnikoff's planning and practices generally complied with FRPA and the *Wildfire Act* as of September 2021. However, the audit identified two opportunities for improvement: (1) completing required fire hazard assessments within the timeframe required by legislation, and (2) including forest cover information for cutblocks declared free growing within the timeframe required by legislation.

### Operational Planning

The results and strategies in Kalesnikoff's FSP are consistent with legal requirements, including the *Forest Planning and Practices Regulation* and the *Kootenay Boundary Land Use Plan Order*, that apply to forest practices in the audit area. Planning was consistent with the FSP. Kalesnikoff maintained accurate documentation of planning and operational activities. The files were available and complete. Site plans were consistent with the FSP and addressed site-specific resources by accurately identifying and prescribing practices for resource features such as wildlife tree retention, riparian, wildlife, and soils.

Kalesnikoff completed assessments at the landscape and operational (cutblock) levels where required. All harvesting and road construction was outside of mapped non-legal old growth management areas<sup>iv</sup> (OGMAs) and mapped wildlife habitat areas.

Auditors noted no issues with operational planning.

### Timber Harvesting

Kalesnikoff conducted harvesting in accordance with the requirements of legislation and site plans. Natural drainage patterns were maintained and wildlife tree retention objectives were achieved. Kalesnikoff managed riparian areas along streams and non-classified drainages within cutblocks using machine-free zones and vegetation management adjacent to streams.

Auditors found no issues with harvesting.

## Road and Major Structure Construction, Maintenance and Deactivation

### Road Maintenance

All maintained roads in the population were wilderness roads.<sup>v</sup> Kalesnikoff adequately maintained the roads to retain the structural integrity of the road prism. All of the culverts examined were functional and natural drainage patterns were maintained. Ditch lines were functioning and auditors saw no evidence of sloughing that would affect drainage patterns or lead to road failures.

## Bridge and Major Culvert Maintenance

Kalesnikoff adequately maintained bridges and culverts, and had recently inspected all of the bridges reviewed in the field. However, six of the bridges reviewed were constructed in the 1980s and 1990s and there were no record drawings for these bridges. Kalesnikoff identified these bridges as being unsafe for industrial use and blocked motor vehicle access to the bridges, independent of the audit.

## Hazard Assessment and Abatement

Auditors evaluated all cutblocks in the harvest audit sample for compliance with the *Wildfire Act*.

The *Wildfire Act* 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. Fire hazard assessments were required for three cutblocks. Auditors requested these three fire hazard assessments from Kalesnikoff and all three were provided. However, Kalesnikoff told the Board that it had completed two of the assessments about two months late and the dates on the assessments confirmed this.

Kalesnikoff's standard practice is to pile slash and then burn it when it is safe to do so. Where slash abatement was observed, it was effective in reducing the fuel hazard. On those cutblocks where abatement had not yet occurred but harvesting was completed, slash was piled in a manner that would facilitate hazard abatement by burning.

While the hazard assessments were not completed within the timeframe specified in the legislation, this non-compliance is not significant, since Kalesnikoff is abating fuel hazards in an effective and timely manner. As a result, this is an area requiring improvement.

## Silviculture Activities and Obligations

Kalesnikoff planted cutblocks with suitable tree species and stock within the required timeframes, and planted seedlings are within approved seed transfer limits. Cutblocks contained the range of healthy, well-spaced, acceptable trees necessary to meet free-growing requirements within the required periods. Kalesnikoff declares regeneration obligations met at the time of planting. It also conducts walkthrough post-planting surveys to determine brushing requirements, and a survival survey is conducted soon before regeneration delay is due.

Kalesnikoff surveys cutblocks before declaring that free-growing obligations are met. Kalesnikoff's surveys and Board auditors' field observations of free-growing stands confirmed that free-growing obligations were met.

## Silviculture Reporting

Kalesnikoff consistently reported planting and brushing activities within required timeframes.

However, auditors noted that forest cover information was not updated consistently when free growing was declared. Section 86 of the *Forest Planning and Practices Regulation* requires Kalesnikoff to annually update forest cover inventory in the Ministry's Reporting Silviculture Updates and Land Status Tracking System (RESULTS)<sup>vi</sup> for all stands where free growing has been declared. Kalesnikoff did not update forest cover on six cutblocks, within the time required by legislation or at all, where free growing had been declared.

Kalesnikoff identified the reporting non-compliance as an internal process problem and this is considered an area requiring improvement.

Subsequent to the audit, Kalesnikoff modified its process and updated the forest cover information in RESULTS for all six cutblocks.

# Audit Opinion

In my opinion, the operational planning, timber harvesting, road construction, maintenance and deactivation, silviculture, and fire protection activities carried out by Kalesnikoff Lumber Co. Ltd. on FL A20194 in the Arrow TSA, between September 1, 2019, and September 9, 2021, complied in all significant respects with the requirements of the *Forest and Range Practices Act*, the *Wildfire Act* and related regulations, as of September 2021.

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 further qualifying my opinion, I draw attention to the *Hazard Assessment and Abatement* and the *Silviculture Activities and Obligations – Silviculture Reporting* sections of the report, which describe two areas 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 FRPA and the *Wildfire Act*.



Christine Armour, RPF  
Auditor of Record

Squamish, British Columbia  
March 3, 2022

# Appendix 1:

## Forest Practices Board's Compliance Audit Process

### Background

The Forest Practices Board conducts audits of government and agreement-holders under section 122 of the *Forest and Range Practices Act* (FRPA) and section 68 of the *Wildfire Act*. Compliance audits examine forest or range planning and practices to determine whether or not they comply with the applicable requirements of FRPA and the *Wildfire Act*. The Board conducts 6-8 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 the Board's strategic priorities, and the type of audit is determined. At this stage, auditors choose the auditee(s) that best suit(s) the selected risk and priorities.

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, auditors 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 1 of the 12 BCTS business areas in the province is selected randomly for audit. The audit selections are not based on past performance.

Only those licensees or BCTS operations 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, replanting, road construction, road deactivation). 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.

The auditors select a separate sample 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 also consider factors such as geographic distribution and values potentially affected by activities to ensure an adequate sample.

Auditors' work includes interviewing licensee staff, reviewing the auditee's applicable plans, reviewing applicable government orders, assessing some features from helicopters and measuring specific features like riparian reserve zone widths 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 responsible Minister(s).

## 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 opportunity to make representations allows 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.

## ENDNOTES

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<sup>i</sup> A volume-based tenure grants licensees the right to harvest a set volume (cubic metres) of timber within a specified timber supply area each year for the term of the licence; allows several licensees to operate in the same management unit. Examples include the larger and more common forest licence and the timber sale licence.

<sup>ii</sup> 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 or open bottom arch with a span greater than 2.13 metres.

<sup>iii</sup> 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, Kalesnikoff 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.

<sup>iv</sup> In 2017, the chief forester directed the district staff to review the existing OGMA's with respect to new inventory data. The district manager requested licensees not to log in the existing OGMA's without submitting a rationale and identifying an alternative area to replace the portion of the OGMA that is proposed to be logged and not to log any old forests in specific biogeoclimatic units (BEC) and LU combinations identified by government where old growth is in deficit based on the inventory age of the stand. Kalesnikoff met the district manager's requests and did not log in any OGMA's or old forests in specific BEC and LU combinations identified by government.

<sup>v</sup> Wilderness roads are roads not being used for industrial purposes. On these wilderness roads, the licensee is responsible for maintaining the structural integrity of the road prism and clearing width, and ensuring the drainage systems of the road are functional.

<sup>vi</sup> The RESULTS (Reporting Silviculture Updates and Land status Tracking System) application tracks silviculture information by managing the submission of Openings, Disturbances, Silviculture activities and Obligation declarations as required by the *Forest and Range Practices Act*.



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