



**Forest
Practices
Board**

Audit of Forest Planning and Practices

*Kenkekne Forest Tenures Ltd.
First Nations Woodland Licence N11*

FPB/ARC/171

December 2014

Table of Contents

Audit Results..... 1

 Introduction 1

 Background..... 1

 Audit Approach and Scope 1

 Planning and Practices Examined 2

 Audit Opinion 4

Appendix 1: Forest Practices Board Compliance Audit Process 5

Audit Results

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 forest practices of the forest industry to ensure compliance with the *Forest and Range Practices Act* and the *Wildfire Act*.

As part of its 2014 compliance audit program, the Board selected First Nations woodland licence (FNWL) N1I, held by Keneknem Forest Tenure Ltd. (Keneknem), for audit. Keneknem operates in the 100 Mile District in the Drewry Lake and Canim Lake areas. A map of the audit area appears on page 2.

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

Background

In January 2013, the Tsq'escenemc people of the Canim Lake Band entered into a FNWL covering 21 400 hectares of land within their traditional territory. The allowable annual cut for the licence is approximately 20 000 cubic metres.

The tenure is managed by Keneknem Forest Tenures Ltd., a Band-owned company established to house and manage all forest tenures and forestry obligations. Keneknem manages approximately 24 000 cubic metres of allowable annual cut, of which the majority is within the woodland licence.

Audit Approach and Scope

This was a full scope compliance audit. All harvesting, road, silviculture, and protection activities carried out between January 1, 2013, and October 7, 2014, were included in the audit. All associated planning was also examined. Auditors assessed these activities for compliance with the *Forest and Range Practices Act* (FRPA), the *Wildfire Act* (WA), and applicable regulations.

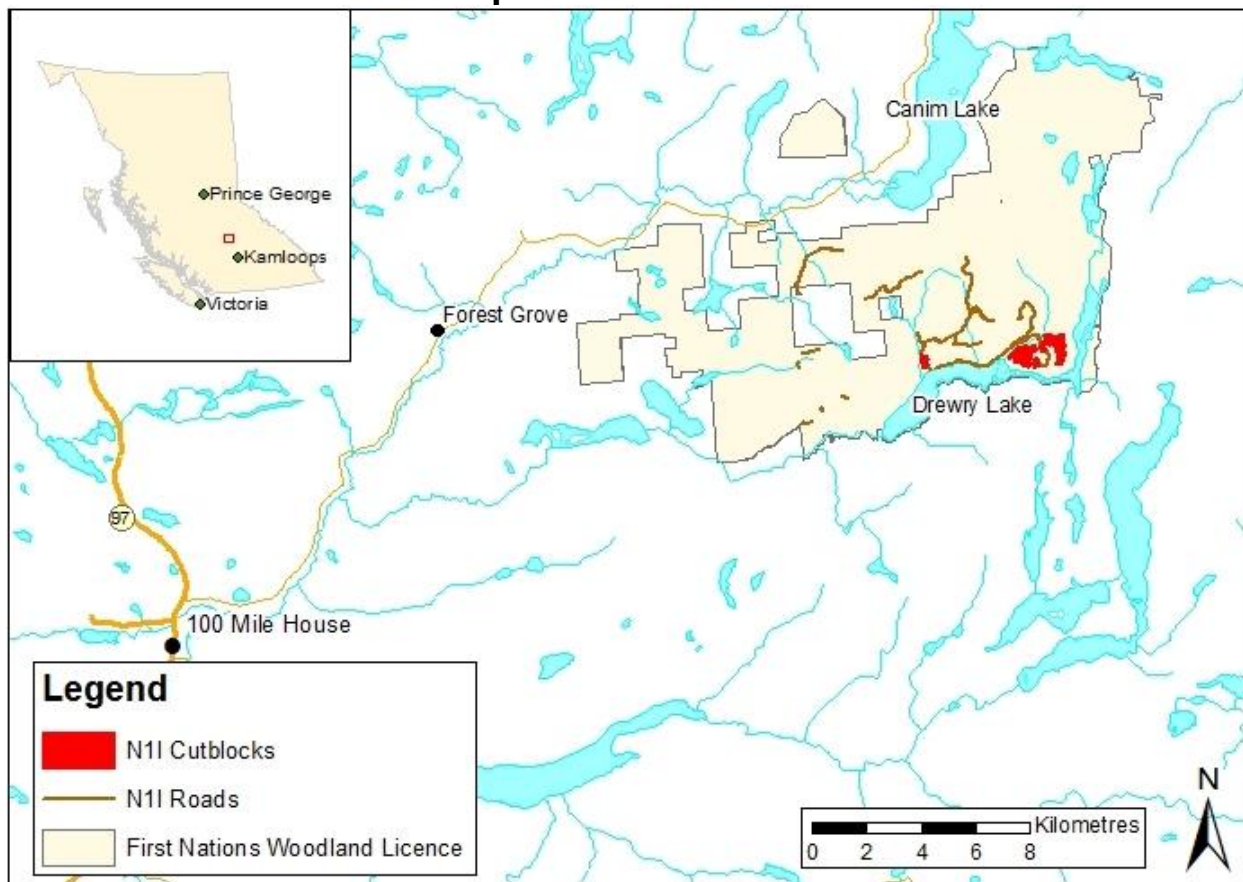
The standards and procedures used to carry out this audit are set out in the Board's *Compliance Audit Reference Manual, Version 7.0*, (September 2012).

One forestry professional and a chartered accountant made up the audit team. Fieldwork took place on October 6 and 7, 2014.



Looking upstream at a bridge crossing on a typical stream in the area.

Map of the Audit Area



Planning and Practices Examined

The following describes the activities and obligations audited and the findings.

Operational Planning

KenkekneM planned its activities in its 2010–2015 forest stewardship plan¹ (FSP). The FSP was amended to include this licence in 2013. Auditors reviewed the FSP to ensure it met FRPA requirements and reflected government objectives for wildlife habitat, old growth, and soils, among others.

Through office reviews and fieldwork, the team evaluated site plans to ensure that they accurately identified site conditions and met legal requirements.

KenkekneM's FSP and site plans were consistent with FRPA requirements. There were no concerns with operational planning.

¹ 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.

Timber Harvesting

Kenkeknem harvested timber from 3 cutblocks, covering 75 hectares, during the audit period. Auditors examined all of those cutblocks. All cutblocks were yarded with ground-based systems.

Harvesting was conducted in accordance with requirements of legislation and site plans. Soil disturbance was well managed and within FRPA limits, and natural drainage patterns were maintained. Wildlife tree patches were retained as planned and were situated to protect resources such as streams.

Road Activities

Kenkeknem built 2.9 kilometres of in-block roads and these roads were also permanently deactivated within the audit period. The auditee was responsible for the maintenance of 61 kilometres of road permit and road use permit roads during the audit period. Auditors examined 51 kilometres.

Kenkeknem constructed three bridges during the audit period. Auditors examined all of these bridges.

No concerns were identified with road construction, deactivation and maintenance or bridge construction. Construction, deactivation and maintenance activities were generally conducted over low-risk terrain.

Silviculture Activities and Obligations

Kenkeknem planted or partially planted a total of 45 hectares on 3 cutblocks during the audit period. Kenkeknem did not have any other silviculture obligations such as regeneration delay or free growing within the audit period, as the licence was only issued in 2013. There were no issues with planting activities.

Auditors reviewed reporting requirements and the auditee met reporting requirements for harvesting. Silviculture reporting requirements were not due in the audit period.

Wildfire Protection

Auditors examined fire hazard assessment and abatement activities on the three cutblocks in the harvesting population. Kenkeknem conducted formal fire hazard assessments on these three cutblocks. Its standard practice is to pile and burn roadside slash to abate any fire hazard. In one cutblock, piles were burned and in the other two cutblocks, slash was piled and ready for burning.

No fire-tool inspections were conducted because there were no active operations during the field audit.

Audit Opinion

In my opinion, the operational planning, timber harvesting, road construction, deactivation and maintenance, silviculture, and fire protection activities carried out by Kenkekne Forest Tenures Ltd. on First Nations woodland licence N11 between January 1, 2013, and October 7, 2014, complied in all significant respects with the requirements of the *Forest and Range Practices Act*, the *Wildfire Act* and related regulations, as of October 2014. No opinion is provided regarding fire tools.

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.



Christopher R. Mosher CA, EP(EMSLA)
Director, Audits

Victoria, British Columbia
December 3, 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.



**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