



**Forest
Practices
Board**

**Audit of Forest Planning and Practices
– Community Forest Agreement K4B
and
Audit of Silviculture Obligations
– Tree Farm Licence 42**

Tanizul Timber Ltd.

FPB/ARC/187

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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* (WA).

As part of its 2015 compliance audit program, the Forest Practices Board randomly selected the Fort St. James Natural Resource District as the location of a full scope compliance audit. Within the district, the Board selected Community Forest Agreement K4B (CFA K4B), as well as the silviculture obligations for Tree Farm Licence 42 (TFL 42), both held by Tanizul Timber Ltd. (Tanizul), 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.



Rolling terrain typical of audit area.

Background

Tanizul is a forest management company providing a variety of services, including the management of CFA K4B.

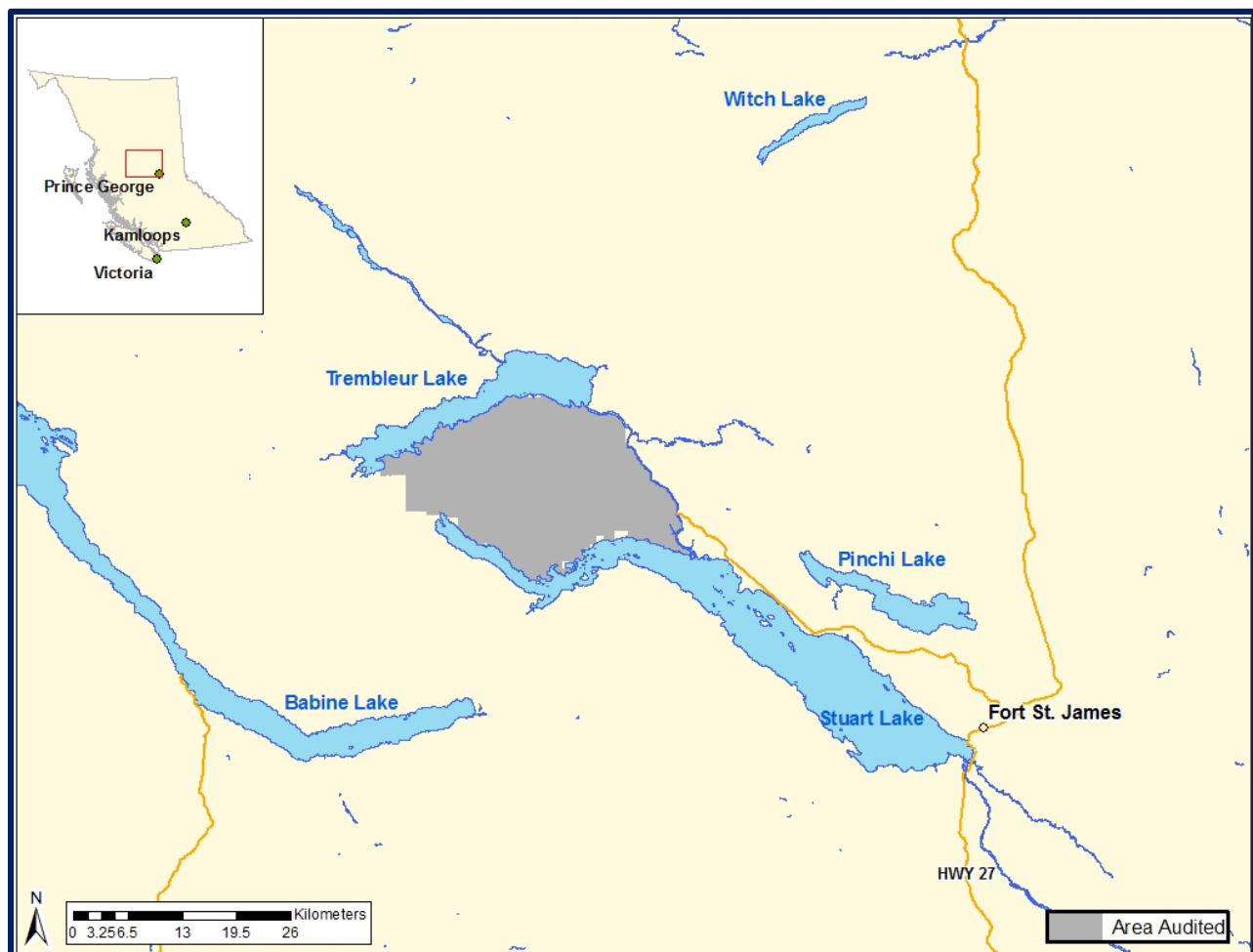
The Tl'azt'en people own and control Tanizul Timber Ltd. The company's activities are administered through an elected Board of Directors. The directors seek the authority of the Tl'azt'en people on all economic, operational, cultural and social issues that relate to the operation of Tanizul.

CFA K4B came into force in November 2009, with the surrender of TFL 42 which Tanizul had held for decades.

CFA K4B, formerly TFL 42, is situated approximately 170 kilometres northwest of Prince George and 50 kilometres northwest of Fort St. James (see map below). The total area of CFA K4B is 49 265 hectares.

The CFA K4B boundaries are defined by Stuart Lake, Trembleur Lake and the Tachie River. The topography is rolling to broken and does not contain any alpine terrain. The area is dotted with numerous water bodies and the forests are predominantly mixtures of lodgepole pine, white spruce, Douglas-fir and subalpine fir. Two biogeoclimatic zones, the Englemann spruce subalpine fir (ESSF) and the sub-boreal spruce (SBS) zones, extend across the licence area.

Map of the Audit Area



Audit Approach and Scope

This was a full scope compliance audit with a two-year timeframe. All activities carried out between August 1, 2013, and August 21, 2015, were subject to audit, including harvesting, roads, silviculture, wildfire protection and associated planning.

In addition to the activities carried out under CFA K4B, the cutblocks with silviculture obligations formerly associated with TFL 42 were also included in the audit as they were not included in the transfer to the new licence (CFA K4B).

Auditors assessed these activities for compliance with FRPA, the 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*.

Three forest professionals, one professional engineer and a chartered professional accountant made up the audit team. The team was in the field with Tanizul staff from August 19 to 21, 2015. Sites were accessed by truck and helicopter.

Planning and Practice Examined

Community Forest Agreement K4B

Operational Planning

Tanizul has a forest stewardship planⁱ (FSP) that was originally prepared and approved under TFL 42 in 2006. In 2012, the Fort St James district manager approved an extension to the FSP for CFA K4B until 2017.

There is a land and resource management plan (LRMP)ⁱⁱ and a sustainable resource management plan (SRMP)ⁱⁱⁱ for the Fort St James District and there have been orders established for aspects of these plans. The order establishing scenic areas applies to the community forest's forest development unit. There is also a district lakeshore management policy that has been included in the FSP.

The FSP and stand-level site plans were examined to ensure that they met legislative requirements, including the relevant orders. Auditors also considered site plans during harvesting, road and silviculture field sampling to ensure that they accurately identified site conditions.

Timber Harvesting

Tanizul harvested 27 cutblocks during the audit period and auditors examined all 27—6 cutblocks on the ground and 21 from the air.

Road and Bridge Construction, Maintenance and Deactivation

During the audit period, Tanizul constructed 42 kilometres of road and maintained 58 kilometres of road.

Auditors examined 20 kilometres of constructed road and 40 kilometres of maintained road. There was no permanent road deactivation during the audit period.

Tanizul constructed eight bridges during the audit period and was also responsible for the maintenance of nine other bridges.

Auditors examined six of the new bridges and two of the maintained bridges.

Silviculture Obligations and Activities

Tanizul planted 29 cutblocks during the audit period. Regeneration obligations were declared or due on another 29 cutblocks.

Auditors examined 15 planted cutblocks and 7 cutblocks with regeneration obligations due.

Wildfire Protection

Auditors examined fire hazard assessment and abatement activities and obligations on 6 of the 27 cutblocks in the sample. One active site was assessed for fire tool requirements.

Tree Farm Licence 42

Silviculture Obligations and Activities

Tanizul brushed 10 cutblocks during the audit period and free-growing obligations were either declared or due on another 113 cutblocks.

Auditors examined 3 brushed cutblocks and 28 cutblocks with free-growing obligations due.

Audit Findings

Auditors found that Tanizul's planning and activities complied with FRPA and WA as of August 2015.

Community Forest Agreement K4B

Operational Planning

The FSP met the legal content requirements and addressed the legal orders that apply to forest practices in the audit area. The site plans accurately identified resource features and specified how they should be protected. There were no concerns with operational planning identified.

Harvesting

Harvesting was conducted in accordance with the requirements of legislation and site plans, and no issues were noted.

Road Construction, Maintenance and Deactivation

The majority of new roads are on-block roads constructed as all-season permanent roads. Natural surface and subsurface drainage patterns were maintained and no issues were noted with road construction.

Tanizul's roads were stable and natural surface drainage patterns were maintained and no road maintenance issues were identified.

All required documentation was complete for the eight new bridges, including plans, profiles, structural drawings and record drawings. A professional signed off on the structures and there were no issues identified.

Tanizul has an accurate and current bridge/major structure ledger and is conducting periodic inspections. The bridges sampled were maintained and there were no concerns with bridge maintenance.

In summary, no road or bridge related compliance issues were noted during the audit.

Silviculture Activities and Obligations

During the field portion of the audit, the auditors noted that Tanizul has an excellent knowledge of the area and treatment history of the cutblocks.

Multi-species planting is a standard practice and most cutblocks were planted with two species—the main species being lodgepole pine, along with spruce or Douglas-fir. All cutblocks examined met the seed transfer guidelines and chief forester's guidance on seed transfer. Several of the planting cutblocks had significant mortality from past summer droughts, however, these areas were known and part of active management. There were no concerns with planting or regeneration obligations.

Wildfire Protection

Auditors encountered one active harvesting operation and examined fire preparedness. Workers were adequately prepared with the appropriate equipment for a wildfire and met the requirements of the WA.

Auditors examined fire hazard assessment and abatement activities on six cutblocks. Tanizul does not conduct formal fire hazard assessments. Its standard practice is to pile and burn roadside slash to abate any fire hazard.

The WA,^{iv} however, requires Tanizul to assess the fire hazard, including an assessment of the fuel hazard and its associated risk of a fire starting or spreading. Furthermore, the licensee must provide a copy of a fire hazard assessment to an official when requested.

In this case, Tanizul is abating the hazard as a standard practice. However, it cannot demonstrate that it has conducted formal fire hazard assessments, which is a non-compliance with legislation. This non-compliance is not considered significant, since fire hazards are being abated in an effective and timely manner. As a result, this is an area requiring improvement.

Tree Farm Licence 42

Silviculture Activities and Obligations

Tanizul has a brushing program that is successfully protecting crop trees and riparian reserves, as well as providing employment for the local community.

Tanizul's silviculture records and reporting are up-to-date and it has addressed its silviculture obligations and is meeting the free-growing requirements. There were no concerns noted.

Audit Opinion

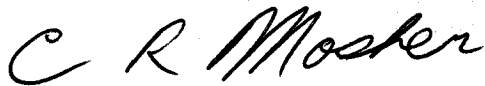
In my opinion, the operational planning, timber harvesting, road construction and maintenance, silviculture and fire protection activities carried out by Tanizul Timber Ltd. on Community Forest Agreement K4B, between August 1, 2013, and August 21, 2015, complied in all significant respects with the requirements of the *Forest and Range Practices Act*, the *Wildfire Act* and related regulations, as of July 2015. No opinion is expressed with respect to road deactivation.

In my opinion, the silviculture activities and obligations carried out by Tanizul Timber Ltd. on Tree Farm Licence 42, between August 1, 2013, and August 21, 2015, also complied in all significant respects with the requirements of the *Forest and Range Practices Act*, the *Wildfire Act* and related regulations, as of July 2015.

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 *Wildfire Protection* section of this report, which describes an area requiring improvement regarding fire hazard assessment.

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 CPA, CA, EP(CEA)
Director, Audits

Victoria, British Columbia
March 24, 2016

Appendix 1:

Forest Practices Board Compliance Audit Process

Background

The Forest Practices Board conducts audits of government and range 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 eight or nine compliance audits annually. Most of these are audits of range agreement holders. This section describes the process for selecting range agreement holders to audit. The Board also audits the government's BC Timber Sales Program (BCTS). This section describes the process for selecting range 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.

Unsound Practice – where the auditor identifies a significant practice that, although they are found to be in compliance with FRPA or WA, are considered to not be sound management.

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.

ENDNOTES

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 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 cut blocks. FSPs can have a term of up to five years.

ⁱⁱ Link to the Fort St. James LRMP: https://www.for.gov.bc.ca/tasb/slrp/pdf/LRMP/Fort%20St%20James_LRMP.pdf

ⁱⁱⁱ Link to the Fort St. James SFMP: <https://www.for.gov.bc.ca/tasb/slrp/plan96.html>

^{iv} **Wildfire Act: Hazard assessment and abatement**

7 (1) In prescribed circumstances and at prescribed intervals, a person carrying out an industrial activity or a prescribed activity on forest land or grass land or within 1 km of forest land or grass land must conduct fire hazard assessments.

(2) A person, other than a person who is in a prescribed class of persons referred to in subsection (2.1), carrying out an industrial activity or a prescribed activity, must, within a prescribed time period and to the prescribed extent, abate a fire hazard of which the person is aware or ought reasonably to be aware.



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