

# **Audit of Timber Harvesting, Road Construction, Maintenance and Deactivation**

**Yun Ka Whu'ten Holdings Ltd.**

**Non-Replaceable Forest Licence A56805**



**FPB/ARC/98  
February 2008**

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# Audit Results

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## Background

As part of the Forest Practices Board's 2007 compliance audit program, the Board selected two non-replaceable forest licences (NRFLs) in the Chilcotin Forest District for audit. This audit report is for non-replaceable forest licence A56805, held by Yun Ka Whu'ten Holdings Ltd. (Yun Ka Whu'ten).

The Board randomly selected the Chilcotin Forest District for a limited scope audit in 2007. Yun Ka Whu'ten was selected as one of the largest active NRFLs in the forest district, and not on the basis of location or past performance (see map on page 2). Information about the Board's compliance audit process is provided in Appendix 1.

Under NRFL A56805, the provincial government committed 140,000 cubic metres per year of green timber<sup>3</sup> for a period of twenty years to Yun Ka Whu'ten. However, since the beetle infestation, Yun Ka Whu'ten has been harvesting stands infected by mountain pine beetle.



**Yun Ka Whu'ten cutblock northeast of Anahim Lake.**

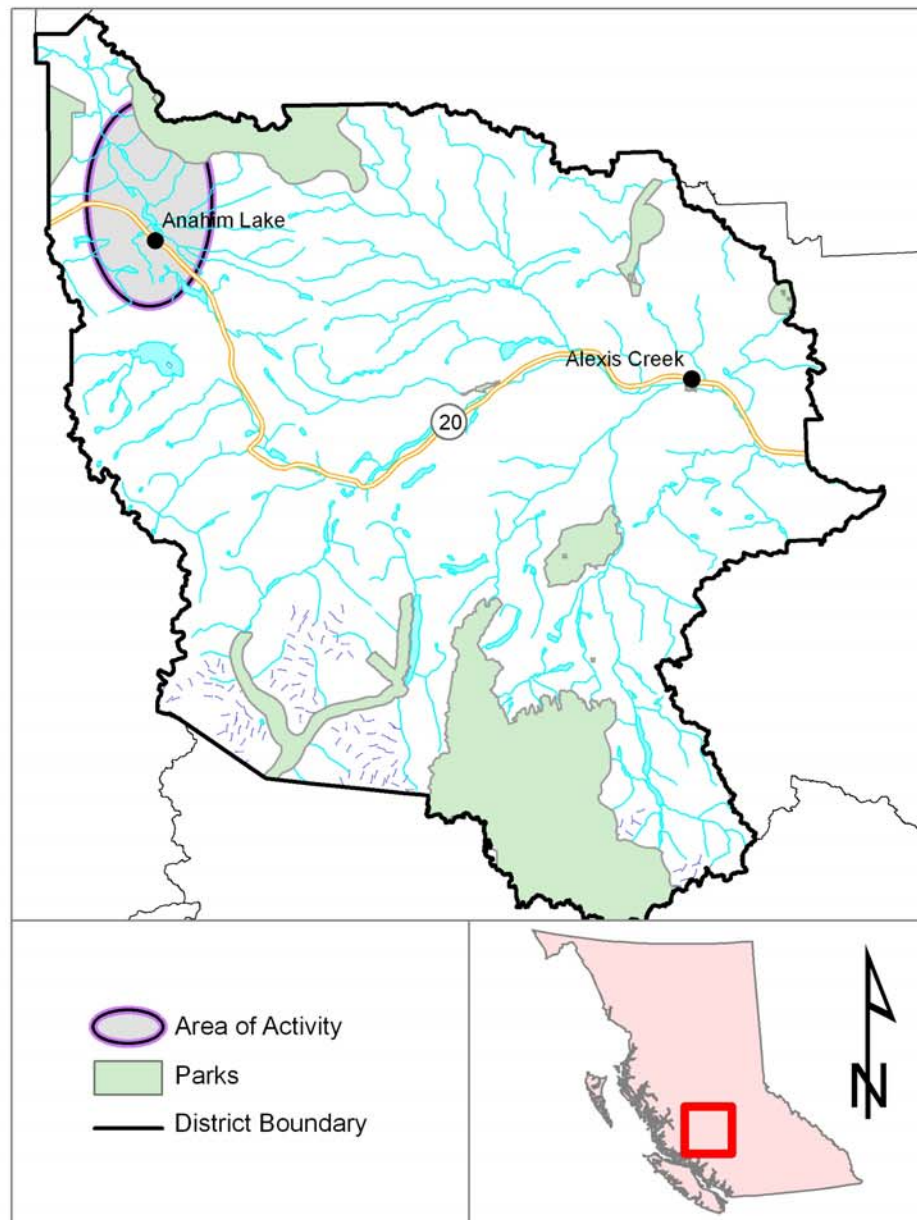
The Board's audit fieldwork took place on October 10<sup>th</sup> and 11<sup>th</sup>, 2007.

## Higher Level Plans<sup>1</sup>

The Cariboo-Chilcotin Land-Use Plan (CCLUP) is applicable to forest agreement holders' operations. Parts of the CCLUP were declared a "higher level plan" under the Forest Practices Code, requiring operations to be consistent with those portions of the CCLUP. Other portions of the CCLUP provide broad operational guidance for forest practices in the plan area.

Sustainable Resource Management Plans address CCLUP strategies and targets on an area-specific basis, and provide detailed objectives and strategies for the management of the Cariboo's resources and the maintenance of environmental values. Forest plans and practices for A56805 fall within the Anahim Round Table SRMP (ART SRMP) area.

Chilcotin Forest District  
Limited Scope Audit  
Yun Ka Whu'ten Holdings - NRFL A56805



## Audit Approach and Scope

The Board conducted a “limited scope” audit in which only harvesting, road activities and associated planning were examined. Harvesting and road activities that took place between October 1, 2006, and October 11, 2007, were included in the scope of the audit. These activities were assessed for compliance with the *Forest Practices Code of British Columbia Act* (the Code), the *Forest and Range Practices Act* (FRPA)<sup>2</sup>, and related regulations.

The Board’s audit reference manual, *Compliance Audit Reference Manual, Version 6.0, May 2003*, and the addendum to the manual for the 2007 audit season, set out the standards and procedures that guided the audit process.

## Planning and Practices Examined

### Planning

The CCLUP contains predominantly landscape level requirements which, fall outside the scope of this audit. The audit did not identify any CCLUP site-level requirements for the blocks and roads subject to audit. The ART SRMP, which provides guidance on how to achieve targets specified in the CCLUP, also contains mainly landscape level objectives, with only a few site level requirements. Where applicable, the audit assessed compliance with site-level guidance in the ART SRMP, such as meeting a visual quality objective or confining harvest operations to the winter, to avoid impacts on summer recreation.

Yun Ka Whu’ten conducted activities during the audit period under its 2001 to 2006 Forest Development Plan (FDP). The plan has been amended a number of times since it was approved. Site level plans were found to be consistent with CCLUP, ART SRMP and FDP objectives. Harvest and road activities were examined for compliance with site level plans.

### Harvesting

Yun Ka Whu’ten harvested 16 cutblocks (856.2 hectares) during the audit period. The Board audited all of the cutblocks.

### Roads

The Board audited:

- All 28.4 kilometres of new road construction;
- 51.6 kilometres of the 58.3 kilometres of road deactivation;
- 213 kilometres of the 296 kilometres of road maintenance; and
- 29 of the 32 bridges maintained.

Yun Ka Whu’ten did not construct any bridges during the audit period.

## Audit Opinion

In my opinion, the timber harvesting; road construction, maintenance and deactivation; and the associated operational planning carried out by Yun Ka Whu'ten Holdings Ltd. on non-replaceable forest licence A56805, for the period October 1, 2006, to October 11, 2007, complied in all significant respects with the requirements of the Code, FRPA, and related regulations, as of October 2007.

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 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 the Code and FRPA.



Christopher R. Mosher CA, CEA(SFM)  
Director, Audits

February 18, 2008

# Appendix 1:

## Forest Practices Board Compliance Audit Process

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### 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. (The transitional provisions of FRPA state that the Code continues to apply to forest practices carried out under a forest development plan, until there is an approved forest or range stewardship plan, at which point the requirements of FRPA apply.)

### Selection of auditees

The Board conducts about eight or nine 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 forest 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 2007, the Board randomly selected the Robson Valley Timber Supply Area as a location for an audit. After assessing the activities within that area, we discovered that two licensees 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, the audit focused on the status of the outstanding obligations of these two licences.

For BCTS audits, a forest 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 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 field work includes assessments of features using helicopters as well as ground procedures, such as measuring specific features like riparian reserve zone width. The audit teams generally spend one to two weeks in the field.

### Evaluating the Results

The Board recognizes that compliance with the many requirements of the Code, 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 Code, 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 worthy of reporting. Therefore, this category of events will not be included in audit reports.

***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 and Range.

## 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 auditor's draft report 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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<sup>1</sup> A higher level plan is a forest resource management objective that is established as legally binding by a written order. The objective applies to a resource management zone, landscape unit, sensitive area, recreation site, recreation trail, or interpretive forest site. Higher level plans are a provision of the *Forest Practices Code of British Columbia Act* that give direction to operational plans.

<sup>2</sup> Most of the *Forest Practices Code of British Columbia Act* (the Code) was repealed on January 31, 2004, and replaced with the *Forest and Range Practices Act* (FRPA). The transitional provisions of FRPA state that the Code continues to apply to forest practices carried out under a forest development plan. This continues until there is an approved forest stewardship plan, at which point, the requirements of FRPA apply. Therefore, although FRPA came into effect prior to the audit period, the legislated forest practices requirements that applied to the auditee were the requirements of the Code.

<sup>3</sup> Green timber refers to trees which are still alive or not seasoned; not dry; containing its natural juices. The term green timber is used in this instance to differentiate it from dead timber, which is normally associated with timber salvage activities designed to minimize timber value losses due to fire, windthrow, pathogen or insect infestations. While NRFL A56805 was not issued as a measure to control mountain pine beetle, Yun Ka Whu'ten has demonstrated sound forest stewardship by focusing forestry activities on the salvage and control of mountain pine beetle.



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# NEWS release

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For Immediate Release  
February 27, 2008

## **Yun Ka Whu'ten Holdings Ltd. gets good audit result**

VICTORIA – A limited scope audit, in which harvesting, road activities and associated planning were examined, has found good forest practices by Yun Ka Whu'ten Holdings Ltd., according to a Forest Practices Board report released today.

Yun Ka Whu'ten's licence allows it to harvest 150,000 cubic metres of pine-beetle-killed timber per year. The licence is located near Anahim Lake in the Chilcotin Forest District.

"The board is pleased to find that Yun Ka Whu'ten Holdings Ltd. is demonstrating sound forest practices on the ground during the course of harvesting mountain-pine-beetle-infested trees," said board chair Bruce Fraser.

The audit of Yun Ka Whu'ten Holdings Ltd.'s non-replaceable forest licence A56805 was completed in October 2007. Harvesting and road activities that took place between Oct. 1, 2006 and Oct. 11, 2007 were included in the scope of the audit.

The Forest Practices Board is an independent public watchdog that reports to the public about compliance with the Forest and Range Practices Act (FRPA) and the achievement of its intent.

The board's main roles under FRPA are:

- Auditing forest practices of government and licence holders on public lands.
- Auditing government enforcement of FRPA.
- Investigating public complaints.
- Undertaking special investigations of forestry issues.
- Participating in administrative appeals.
- Providing reports on board activities, findings and recommendations.

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**This news release and more information about the board are available on the Forest Practices Board website at [www.fpb.gov.bc.ca](http://www.fpb.gov.bc.ca) or by contacting:**

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