



AUDITS

1. Purpose

This policy describes how the Board will implement its mandate to carry out independent audits of compliance and of the appropriateness of government enforcement in accordance with section 122 of the *Forest and Range Practices Act* (FRPA), section 68 of the *Wildfire Act*, and the *Forest Practices Board Regulation*.

2. Objectives

- a) Ensure that Board audit policies and procedures are current and consistent with legislation, regulations and the Board's strategic plan, mission and values.
- b) Ensure audits follow established and credible audit standards and methodology.
- c) Ensure audits are conducted in a fair and equitable manner and represent the diversity of forest resources, licensees, and operating conditions.
- d) Increase transparency in the conduct of Forest Practices Board activities.

3. Legislation and Regulations

[Forest and Range Practices Act](#)

Audits and special investigations

122(1) *In accordance with the regulations, the board*

- (a) *must carry out periodic independent audits, and*
- (b) *may carry out special investigations*

to determine

- (c) *compliance with the requirements of Parts 1.1 to 5 and the regulations and standards made in relation to those Parts by a party, and*
- (d) *the appropriateness of government enforcement under Part 6.*

[Wildfire Act](#)

Audits, special investigations and complaints from public

68(1) *In accordance with the regulations,*

- (a) *the board*
 - (i) *must carry out periodic independent audits, and*
 - (ii) *may carry out special investigations*

to determine

(iii) compliance with the requirements of Parts 1 and 2 and the regulations made in relation to those Parts by a party, and

(iv) the appropriateness of government enforcement under Part 3, and

(b) the board must deal with complaints from the public respecting prescribed matters that relate to this Act.

Forest Practices Board Regulation

Audit standards

2 *The board may develop standards for the purpose of the periodic independent audits required under*

(a) section 122 of the Act, and

(b) section 68 of the [Wildfire Act](#).

[en. B.C. Reg. 389/2008, s. 2.]

Appointment of auditors

3(1) *In accordance with this section, the board must appoint auditors to carry out the periodic independent audits.*

4. Application

This policy applies to the Board and Board staff, as well as contractors retained for the purposes of conducting audits.

5. Policy

5.1 Standards

Under section 2 of the *Forest Practices Board Regulation*, the Board may develop standards for the purpose of its periodic independent audits. The Forest Practices Board's Audit Reference Manuals set out the Board's standards, which are consistent with

- *Canadian Generally Accepted Auditing Standards (GAAS); and*
- *relevant ethical requirements, including those pertaining to independence, as published by the Chartered Professional Accountants of Canada,*

and are generally consistent with

- *Canadian Standards on Assurance Engagements (CSAE) 3001, and*
- *the Conformity assessment – Requirements for bodies providing audit and certification of management systems (ISO17021:2011).*

5.2 Appointment of Auditors

Each year, the Chair appoints auditors to carry out audits.

5.3 Audits

5.3.1 Audit Selection

The Board's goal for audit selection is to ensure relevance and fairness in the annual audit selection process. To achieve this goal, the Board has established the following objectives for audit selection:

- a) Over time, provide geographical representation across the province by randomly selecting natural resource districts or timber supply areas from each of the three natural resource areas in British Columbia (North, South and Coast).
- b) Reflect variation in the forest resources and values at risk, geographic features, operating conditions, sizes and forms of tenures, and types of licensees in the district or timber supply area selected.¹
- c) Where practicable, complete one audit the appropriateness of government enforcement of FRPA (Part 6) and the *Wildfire Act* (Part 3) every three years.
- d) Ensure audits are consistent with the priorities in the Board's current strategic plan.

The number, type and scope of audits to be conducted each year are established by the Director of Audits, in accordance with the above objectives and budget.

5.3.2 BC Timber Sales

For audits of BC Timber Sales (BCTS), the audit area is selected randomly from among all BCTS field units in the province.

Board audits of BCTS will focus on all BCTS operations within the selected area, rather than a specific timber sale licensee (TSL) holder operating under BCTS, and will report publicly on both the business area's practices and the TSL's practices.

5.3.3 Audit Frequency

In order to ensure that the Board reaches as many different licensees or enforcement activities across the province as possible in any given year, the following principles address the frequency of re-audit of a licence or licensee:

- a) A **licence** will be withdrawn from the 'eligibility pool' for audit selection for five years after it has been the subject of a Board audit.
- b) Once the Board selects a **licensee** for audit in one district or timber supply area, the licensee or government unit will not be eligible to have its other licences or activities selected for audit in other districts or timber supply areas in the same year.²

¹ The Board may choose to audit multiple licences held by a licensee in one district or timber supply area as part of the same audit, or it may choose to audit multiple locations of one licence, such as a tree farm licence, even if those locations are in different districts.

² It is possible that the Board may choose to audit multiple licences held by a licensee in one district or timber supply area as part of the same audit, and it is also possible that the Board may choose to audit multiple locations of one licence, such as a tree farm licence, even if those locations are in different districts.

This policy does not preclude a **licence(s)**, **licensee**, or government unit from being investigated based on a complaint or being selected as part of a special investigation in the same year as it is subject to audit.

5.4 Roles and Responsibilities

Appointed Board

- Approves the annual audit plan.

Board Chair

- Appoints the auditor(s) to carry out audits.

Executive Director

- Approves the audit reference manuals.
- May establish other administrative procedures for implementation of this policy.

Director of Audits

- Recommends the appointment of auditors to the Chair.
- Develops and implements annual audit plan, overseeing selection of audits, and determining the number, type and scope of audits to be conducted each year.
- Assigns qualified auditors and contractors to conduct audits and provides leadership, direction, guidance, advice and support to audit teams.
- Ensures audits are carried out consistent with this policy and the standards.
- Applies quality assurance to audits.
- Identifies the need for updates to the audit reference manuals and/or the audit policy.

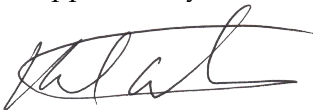
Audit Staff

- Carry out audit work in accordance with this policy and the audit standards and procedures in the audit reference manuals.

6. Procedures

- See the Board's Audit Manual for compliance and enforcement audit procedures.

Approved by:



Keith Atkinson, Chair
Forest Practices Board