



**Forest
Practices
Board**

Audit of Forest Planning and Practices

*Burns Lake Specialty Wood Ltd.
Non-Replaceable Forest Licence A66762*

FPB/ARC/169
December 2014

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Board Commentary

This audit examined forest planning and practices on non-replaceable forest licence A66762, held by Burns Lake Specialty Wood Ltd. (BLSW), in the Nadina District, near Burns Lake, BC. While most planning and practices complied with the requirements of the *Forest and Range Practices Act*, the fire protection activities did not comply with the requirements of the *Wildfire Act* and related regulations. Specifically, the licensee did not complete fire hazard assessments after harvesting activities and did not reduce the fire hazard on all sites where required. They also failed to report abatement activities to government.

The Forest Practices Board seldom reports a failed audit, as it has in this instance, where a licence holder did not comply with legislation.

This audit outcome is very concerning to the Board for two reasons: firstly, it raises the question of whether or not this small licence holder was aware of its responsibilities under the *Wildfire Act*, as this same licensee complied with most requirements of the *Forest and Range Practices Act*. Secondly, the failure to comply with the *Wildfire Act* increases the risk of a forest fire and would be a concern anywhere in the province, but is especially concerning in the mountain pine beetle killed forests in this area.

All licence holders under the *Wildfire Act* and the *Forest and Range Practices Act* have a responsibility to meet the requirements of those statutes and associated regulations. Where those responsibilities are not known, or are poorly understood, training material is easily accessible on the internet, or, professional foresters and/or registered forest technologists can be hired to provide training. In addition, the Board has recently written a new guideline, [What to Expect During a Board Compliance Audit](#), to help small licensees avoid issues most commonly found in past audits.

The Board acknowledges that subsequent to the audit, the licensee has abated the fire hazard on some of the unabated cutblocks and commends this response.

The Board requests that Burns Lake Specialty Wood Ltd. report back to the Board by January 31, 2015, on the progress made in completing the outstanding abatement obligations and reporting the required information for current and past abatement activities to government.

Audit Results

Background

As part of the Forest Practices Board's 2013 compliance audit program, non-replaceable forest licence (NRFL) A66762, held by Burns Lake Specialty Wood Ltd. (BLSW) in the Nadina District, was selected for audit.

The audit area falls within the Lakes Timber Supply Area (TSA) and is near the community of Burns Lake (see map on page 3). The TSA covers an area ranging from Tweedsmuir Provincial Park in the south to Tildely watershed in the north and consists of mostly flat and rolling terrain with several lakes, including Babine Lake. Highway 16 crosses the northern portion of the TSA. Cattle grazing is prominent in the Nadina District, which has 105 active range tenures. Maintaining forage is key to a healthy cattle industry.

The *Lakes North Sustainable Resource Management Plan*¹ (SRMP), established by legal order in January 2009, provides biodiversity objectives and strategies for resource management in the Lakes TSA. It also establishes land use objectives for seral stage distribution, old growth management areas, stand level structural diversity and habitat connectivity. The strategic and operational requirements of this plan must be followed. Government objectives set out in the *Forest and Range Practices Act* (FRPA) and the *Forest Planning and Practices Regulation* (FPPR) are also legal requirements.

Under NRFL A66762, BLSW has been allocated 90 000 cubic metres of timber to harvest annually. BLSW prepares operational plans and applies to government for cutting and road permits to develop and harvest timber. The company must fulfill licence, permit and operational plan obligations, including those for timber harvesting, road work, silviculture and fire protection within cutblocks.

During the two-year audit period (September 2011 to October 2013), BLSW harvested approximately 90 682 cubic metres of timber, primarily to salvage timber killed by mountain pine beetle (MPB).



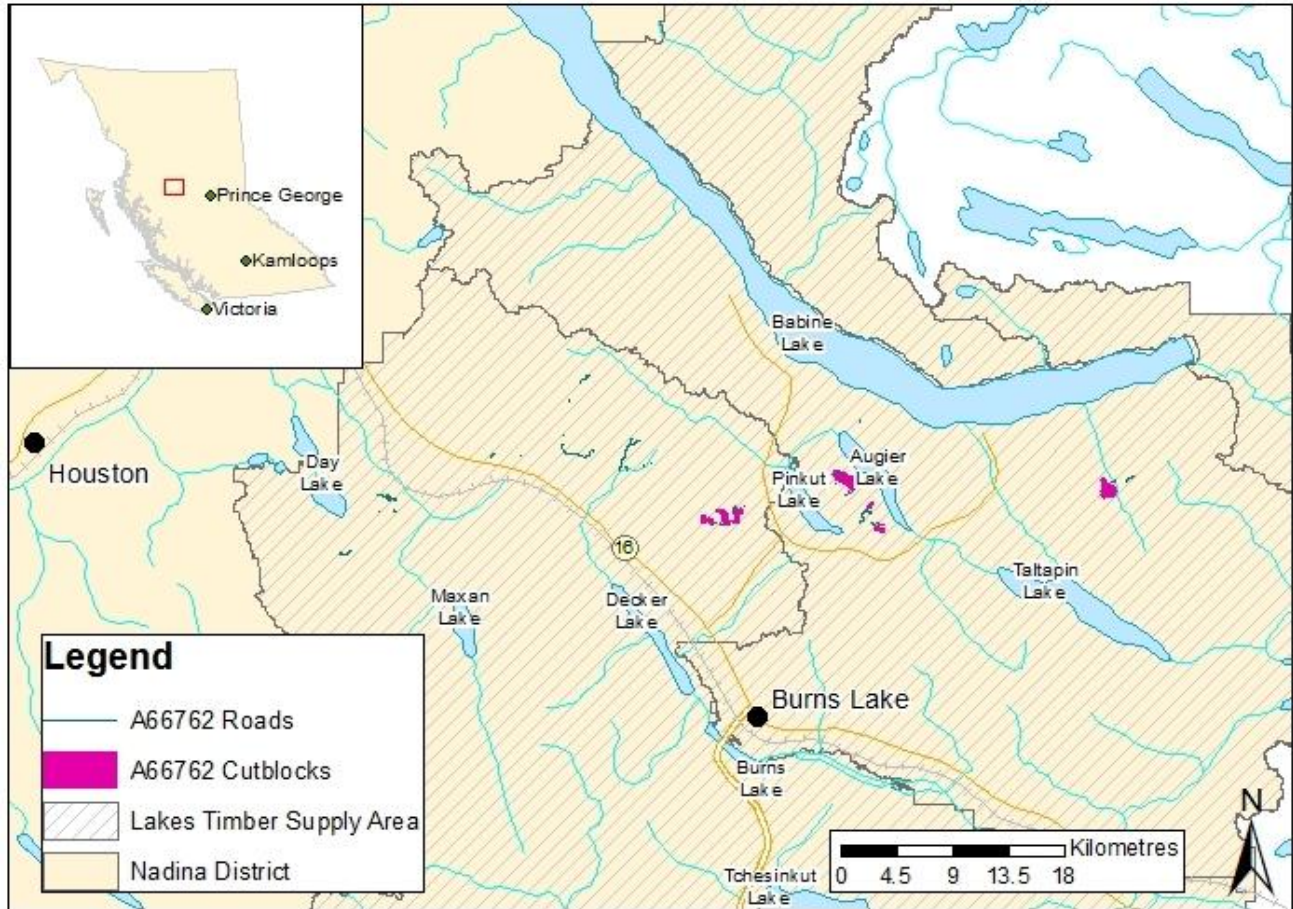
Timber harvesting near Augier Lake in the Nadina District

The audit team consisted of two professional foresters (one a fire behaviour specialist), a professional geologist and a chartered accountant. The Board's audit fieldwork took place from September 22 to October 8, 2013.

Additional information about the Board's compliance audit process is provided in Appendix 1.

¹ The Lakes North Sustainable Resource Management Plan (LRMP) is a long-term plan for land use and resource development on Crown land within the Nadina Forest District. This plan is based on the principles of integrated resource management and sustainability. For more information see the LRMP web site at: http://www.ilmb.gov.bc.ca/slrp/srmp/north/lakes_north/index.html

Map of NRFL A66762 Audit Area



Audit Approach and Scope

The audit examined BLSW's obligations and activities using a combination of detailed office, ground and aerial reviews.

BLSW is responsible for operational planning, including preparing forest stewardship plans (FSPs) and site plans, timber harvesting, fire protection, silviculture activities, and road and bridge construction, maintenance and deactivation, related to its operations within NRFL A66762.

These activities were assessed for compliance with FRPA, the *Wildfire Act* (WA) and related regulations. All activities, planning and obligations for the period September 1, 2011, to October 8, 2013, were included in the scope of the audit.

The Board's audit reference manual, *Compliance Audit Reference Manual, Version 7.0, September 2012*, set out the standards and procedures that were used to carry out this audit.

Planning and Practices Examined

Operational Planning

BLSW planned its activities in its Multi-NRFL Forest Stewardship Plan,² Amendment #5 (FSP), approved on October 25, 2011 and expiring October 24, 2016. Auditors examined both the FSP and site plans to ensure that they were consistent with legislative requirements.

Auditors also evaluated stand-level plans during harvesting, road and silviculture field sampling to ensure that they accurately identified site conditions.

Strategic requirements of the SRMP were not audited at the landscape level. Due to the relatively small area occupied by the NRFL and the cumulative effects of larger licences on landscape-level objectives (such as seral stage distribution requirements), auditors could not fairly assess the achievement of strategic requirements within the scope of the audit.

Timber Harvesting

BLSW harvested approximately 90 682 cubic metres of timber during the 25-month audit period. That volume came from 8 cutblocks covering 598 hectares of forest, all of which were sampled during the audit.

Roads and Bridges

BLSW built 24.8 kilometres of in-block road and maintained 22.6 kilometres of road permit roads during the audit period. Auditors sampled all of the road construction and 12.5 kilometres of the road maintenance. BLSW did not deactivate any roads or construct any bridges.

BLSW maintained four bridges during the audit period; however it removed all four structures prior to the field audit. Auditors sampled two of these sites.

Silviculture Obligations and Activities

BLSW planted four cutblocks. BLSW did not conduct any other silviculture activities or have any obligations due during the audit period. Auditors sampled all four planted cutblocks.

Fire Protection

There were no active operations during the audit. Auditors did not audit fire preparedness.

Fire hazard abatement obligations were due on 31 cutblocks. Auditors sampled hazard assessments on all of these cutblocks and abatement activities on 30 cutblocks.

Findings

The auditors found that the fire protection activities carried out by BLSW on non-replaceable forest licence A66762 did not comply in all significant respects with the requirements of the WA and related regulations, as of October 2013. This is an adverse opinion for these activities and is discussed below.

² 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.

Auditors also identified significant non-compliances involving seed transfers and invasive plants. BLSW did not meet seed transfer requirements on three cutblocks and did not implement the measures to prevent the introduction or spread of invasive plants. These cases of non-compliance are discussed below.

Auditors found the other planning and activities examined were in compliance, in all significant respects, with the requirements of FRPA and related regulations, as of October 2013.

Hazard Assessment and Abatement

The WA requires licensees to conduct fire hazard assessments and abatement for all industrial activities. Auditors found BLSW did not meet hazard assessment and abatement requirements for most of its harvested cutblocks. Only 40 percent of the abatement activities and none of the hazard assessments complied with the WA.



Figure 1. Post harvest slash loading on a cutblock. The hazard assessment indicated no abatement would be required for this cutblock, when the slash loading depicted here would normally require abatement.

activities on cutblocks where auditors determined site conditions warranted abatement (see Figure 1). In summary, hazard assessments did not comply with the WA on all 31 cutblocks because they were either not provided, not completed on time, or were completed but did not accurately portray site conditions.

An “adverse opinion” is an overall negative conclusion, which is appropriate when significant non-compliance is individually or collectively of sufficient magnitude to warrant an overall negative opinion. (CARM – version 7.0, September 2012 – page 22)

Hazard Assessment

BLSW is required to assess the fire hazard on harvested areas and to retain the assessments should they be requested by an official.³ Of the 31 cutblocks sampled, BLSW could not provide auditors with hazard assessments for 26 cutblocks. For the five assessments provided, BLSW had not completed the assessments within the required periods and the assessments did not accurately represent field conditions. For example, they combined several cutblocks with different site conditions into one assessment; combined dispersed slash and roadside log decks into one assessment when these should be calculated separately; and they underestimated fuel loading and ignition risks. As well, BLSW did not prescribe any hazard abatement

³ BLSW was conducting an industrial activity, defined in the WA, and the prescribed interval (*Wildfire Regulation* s 11(3)) for hazard assessments is every 6 months during the period it was conducting the activity, or as prescribed by a professional forester or a registered forest technologist. No other periods were prescribed so auditors used the 6-month period to assess compliance.

Hazard Abatement

The WA requires BLSW to abate fire hazards on harvested areas within a prescribed period.⁴ Auditors field-assessed the fire hazard on 30 cutblocks, of which 29 required hazard abatement after harvesting. Slash loading was comprised of log piles and dispersed slash, as illustrated in Figures 1 and 2. Auditors found that BLSW either did not conduct hazard abatement or did not complete abatement on time for 62 percent of the sampled cutblocks (18 cutblocks) that had abatement obligations.

Because BLSW did not meet WA requirements for hazard assessment on 31 cutblocks and hazard abatement on 18 cutblocks, and currently has 9 blocks that remain unabated, it is in contravention of sections 7(1) and (2) of the WAⁱ and sections 11 and 12.1 of the *Wildfire Regulation*.ⁱⁱ These are significant non-compliances because BLSW did not minimize the risk of a fire starting, the potential fire behaviour, or the potential suppression required should a fire start. These combined significant non-compliances are of sufficient magnitude to warrant an overall negative conclusion.

Subsequent to the audit, auditors have confirmed that BLSW has now abated the fire hazard on seven of the nine unabated cutblocks.

Seed Transfers

FRPA requires that seedlings used for regeneration conform to the Chief Forester's Standards for Seed Use.⁵ A person who plants trees must not exceed the seed transfer limits specified in the standards.

When auditors reviewed BLSW's planting activities, they found that 13.7 percent (50 400) of the seedlings planted did not meet the chief forester's standards because the transfers exceeded longitudinal transfer limits. According to the chief forester's standards, seed transfer transgressions that exceed five percent of the total annual trees planted, are significant and can potentially lower the overall survival and productivity of the seedlings.

Because BLSW did not conform to the chief forester's standards, it is in contravention of section 31 of FRPAⁱⁱⁱ and section 43(4) of FPPR.^{iv} This is a significant non-compliance because BLSW did not ensure the health and productivity of seedlings in its plantations.



Figure 2. Post harvest slash loading near Babine Lake. The hazard assessment indicated no abatement would be required for this cutblock. The roadside piles and some in-block slash accumulations require abatement. Abatement is overdue in this cutblock.

⁴ BLSW is a "qualified holder," defined in the *Wildfire Regulation*, and the prescribed period for hazard abatement is 30 months, beginning on the date harvest activities began, or as prescribed by a professional forester or a registered forest technologist. No other periods were prescribed so auditors used the 30-month period to assess compliance.

⁵ The Chief Forester's Standards for Seed Use can be found at:
<http://www.for.gov.bc.ca/code/cfstandards/CFstds03Jun2010.pdf>

Invasive Plants

A person carrying out a forest practice is required to implement the measures specified in their FSP to prevent the introduction or spread of prescribed species of invasive plants. In the FSP, as a measure to prevent the introduction or spread of invasive plants, BLSW committed to:

- assessing and grass seeding areas of exposed soils, where required, within one year of completion of a forest practice.
- monitoring at least 10 percent of the sites seeded within the previous calendar year and re-seeding them if required to ensure the establishment of the grass.
- prioritizing high-risk areas for monitoring.

When auditors inspected timber harvesting and road building activities that had taken place during the audit period, they found:

- all sites inspected contained areas with exposed soils greater than 10x10 metres, both in-block and on roadsides.
- no grass seeding had taken place on these sites, although 82 percent of the harvest activities had occurred more than one year ago.
- the presence of prescribed species of invasive plants listed in the *Invasive Plant Regulation*.⁶ for example Canada thistle and knapweed.

When auditors reviewed BLSW's management systems, they found that BLSW:

- had no record of a formal assessment, seeding or monitoring program.
- had not grass seeded areas with exposed soils, including those more than a year old.
- had no record of a risk rating system to prioritize seeding and monitoring, although they stated that they informally monitor all sites.

Because BLSW did not carry out the measures for invasive plants specified in its operational plan, it is in contravention of section 47(1) of FRPA.^v This is a significant non-compliance because BLSW did not take the necessary precautions to prevent the introduction or spread of invasive plants, and this is significant in a district where maintaining forage is key to a healthy cattle industry.

Operational Planning

Other than the invasive plants finding, BLSW's planning and activities were consistent with the FSP and legislative requirements.

The FSP was consistent with legislated requirements and addressed FRPA objectives. Planning at the stand level was consistent with the FSP.

BLSW addressed site-specific resources in the site plans by accurately identifying and prescribing practices for resource features, including soils, streams and wetlands, recreation trails, visually sensitive areas and cultural or heritage sites.

Harvesting

Harvesting was conducted in accordance with legislative requirements and site plan provisions.

The majority of harvesting targeted stands affected by mountain pine beetle and was done with ground-based harvest systems. To help conserve the productivity and hydrological function of

⁶ The Invasive Plant Regulation prescribed species of invasive plants referred to in FPPR section 47.
http://www.bclaws.ca/civix/document/id/complete/statreg/18_2004

soils, BLSW maintained natural drainage patterns and generally restricted activities on sensitive soils. BLSW retained trees, vegetation and restricted machine traffic to help protect riparian, visual, cultural, recreation and wildlife habitat interests.

Roads and Bridges

Road construction and maintenance activities were consistent with legislative requirements.

New road construction consisted of roads built within cutblocks (in-block roads) and short sections of haul roads.

Auditors found that roads were generally well constructed and maintained. BLSW installed drainage structures to maintain natural drainage patterns.

BLSW did not deactivate any roads nor construct any bridges during the audit period. BLSW removed the bridges at the two sites sampled, without impacting the streams.

Silviculture Activities and Obligations

Other than the seed transfer finding, BLSW's silviculture activities were consistent with legislative requirements.

BLSW actively managed silviculture activities and obligations and demonstrated a good overall performance. BLSW reforested cutblocks within the allotted timeframes.

Fire Protection

There were no active operations during the audit, therefore no opinion is provided with respect to the components of the WA regarding active sites.

Hazard assessment and abatement activities did not comply with the WA, as discussed above.

Audit Opinion

In my opinion, the fire protection activities carried out by Burns Lake Specialty Wood Ltd. on non-replaceable forest licence A66762, between September 1, 2011, and October 8, 2013, did not comply in all significant respects with the requirements of the *Wildfire Act* and related regulations, as of October 2013. No opinion is provided regarding fire tools.

As described in the *Hazard Assessment and Abatement* section of this report, fire protection activities carried out by BLSW are representative of the activities audited and are found to not be in compliance with WA.

In my opinion, with two exceptions, the operational planning, timber harvesting, road construction and maintenance, and silviculture activities carried out by Burns Lake Specialty Wood Ltd. on non-replaceable forest licence A66762 between September 1, 2011, and October 8, 2013, complied in all significant respects with the requirements of the *Forest and Range Practices Act* and related regulations, as of October 2013. No opinion is provided regarding road deactivation.

As described in the *Seed Transfer* section of this report, the audit identified a situation of significant non-compliance related to conformance with the chief forester's seed transfer guidelines.

As described in the *Invasive Plants* section of this report, the audit identified a situation of significant non-compliance related to the control of invasive plants.

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(CEA)
Director, Audits

Victoria, British Columbia
October 23, 2014

i **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.

ii **Wildfire Regulation: Hazard assessment and abatement**

Hazard assessment

- 11 (1) For the purposes of section 7 of the Act,
- (a) each of the following is a prescribed activity under subsections (1) and (2) of that section:
- (i) operating a waste disposal site;
 - (ii) operating a dry land sort;
 - (iii) operating a camp associated with an industrial activity, and
- (b) each of the following is a prescribed circumstance under subsection (1) of that section:
- (i) an industrial activity or an activity prescribed under paragraph (a) of subsection (1) creates or increases a fire hazard or is likely to do so;
 - (ii) an official notifies a person carrying out an industrial activity or an activity prescribed under paragraph (a) of subsection (1) that a fire hazard exists at the site of the activity or operation.
- (2) Subject to subsection (3.1) of this section, the prescribed intervals, at which persons described in section 7 (1) of the Act must conduct fire hazard assessments, are
- (a) 3 month intervals during the period in which the persons are carrying on the industrial activity or the prescribed activity in an area inside, or within 2 km of, the boundaries of
 - (i) a local government under paragraphs (d) to (f) of the definition of "local government" in section 1 of the Act, or
 - (ii) a fire protection district in a regional district, and
 - (b) the shorter interval between the most recent 3 month interval and the date on which the activity ceases for an expected period of 3 months or more.
- (3) Subject to subsection (3.1) of this section, the prescribed intervals, at which persons described in section 7 (1) of the Act must conduct fire hazard assessments, are
- (a) 6 month intervals during the period during which the persons, in any area other than the area described in subsection (2), are carrying on the industrial activity or the prescribed activity, and
 - (b) the shorter interval between the most recent 6 month interval and the date on which the activity ceases for an expected period of 6 months or more.
- (3.1) The prescribed intervals, at which a person described in section 7 (1) of the Act who is a qualified holder must conduct fire hazard assessments, are the intervals
- (a) set out in subsection (2) or (3) of this section, as applicable, or
 - (b) specified by a professional forester or a registered forest technologist.
- (4) A person required to conduct a fire hazard assessment under section 7 (1) of the Act must
- (a) ensure that the fire hazard assessment includes an assessment of the fuel hazard and its associated risk of a fire starting or spreading, and
 - (b) provide a copy of the fire hazard assessment when requested to do so by an official.
- (5) A person referred to in section 7 (1) of the Act is exempt from section 7 (1) of the Act in respect of an area if a person referred to in section 7 (2.1) of the Act is required to abate fire hazards in respect of that area.

Hazard abatement: general

- 12 (1) The following periods are prescribed as the periods in which persons described in section 7 (2) of the Act must abate fire hazards of which the persons are aware or ought reasonably to be aware:
- (a) for an area described in section 11 (2) (a) of this regulation, each of the 6 month periods beginning on the dates on which the persons are required under section 7 (1) of the Act to conduct fire hazard assessments;
 - (b) for an area other than an area described in section 11 (2) (a) of this regulation, each of the 12 month periods beginning on the dates on which the persons are required under section 7 (1) of the Act to conduct fire hazard assessments.

-
- (2) A person required to abate a fire hazard under section 7 (2) of the Act must reduce the fuel hazard on the site of the industrial activity or prescribed activity as necessary to ensure that carrying out the activity
 - (a) does not increase the risk of a fire starting on the site, and
 - (b) if a fire were to start, would not increase the fire behaviour or fire suppression associated with the fire.
 - (3) This section does not apply to a person who is a qualified holder.

Hazard abatement: qualified holders

- 12.1 (1) In this section, "**abatement area**" means each area within which the industrial activity or prescribed activity takes place in each consecutive 12 month period that occurs after the date the activity begins.
- (2) The following periods are prescribed as the periods in which a person described in section 7 (2) of the Act who is a qualified holder must abate fire hazards of which the person is aware or ought reasonably to be aware:
 - (a) for each abatement area within an area described in section 11 (2) (a) of this regulation, a period of 24 months, beginning on the date the industrial activity or prescribed activity begins in the abatement area,
 - (b) for each abatement area within an area other than an area described in section 11 (2) (a) of this regulation,
 - (i) a period of 30 months, beginning on the date the industrial activity or prescribed activity begins in the abatement area, or
 - (ii) the period specified by a professional forester or registered forest technologist under the *Foresters Act*.
- (3) A person required to abate a fire hazard under section 7 (2) of the Act who is a qualified holder must reduce the fuel hazard on the site of the industrial activity or prescribed activity
 - (a) as necessary to ensure that carrying out the activity
 - (i) does not increase the risk of a fire starting on the site, and
 - (ii) if a fire were to start, would not increase the fire behaviour or fire suppression associated with the fire,
 - (b) as specified by a professional forester or registered forest technologist under the *Foresters Act*.

Hazard abatement: fibre recovery tenure holders

- 12.2 (1) Fibre recovery tenure holders are prescribed for the purposes of section 7 (2.1) of the Act.
- (2) The following periods are prescribed for the purposes of section 7 (2.1) of the Act:
 - (a) 6 months after the date the fibre recovery tenure holder is issued with the forestry licence to cut or fibre recovery permit, as applicable, in respect of an area, if the area is located inside, or within 2 km of, the boundaries of
 - (i) a local government referred to in paragraph (d), (e) or (f) of the definition of "local government" in section 1 of the Act, or
 - (ii) a fire protection district in a regional district;
 - (b) 12 months after the date the fibre recovery tenure holder is issued with the forestry licence to cut or fibre recovery permit, as applicable, in respect of an area, other than an area described by paragraph (a).
- (3) The prescribed extent for the purposes of section 7 (2.1) of the Act is the extent necessary to ensure that, at the conclusion of the abatement operations, there are not more than 2 piles, each not exceeding 5 m³ in volume, of Crown timber on any hectare within the forestry licence to cut area or fibre recovery permit area, as applicable.

iii **FRPA - Seed**

- 31 A person required to establish a free growing stand must ensure that seed used for that purpose conforms to prescribed requirements.

iv **FPPR - Use of seed**

- 43 (1) In this section, "**transfer**" means the process by which seed is selected and used, based on the origin of the seed and its genetic suitability for the site on which trees grown from the seed are to be planted.
- (4) Unless an alternative is approved under subsection (6), a person who plants trees while establishing a free growing stand must use only seed registered, stored, selected and transferred in accordance with the standards, if any, established by the chief forester.

v **FPPR - Invasive plants**

- 47 (1) A person carrying out a forest practice or a range practice must carry out measures that are
 - (a) specified in the applicable operational plan,
 - (b) to prevent the introduction or spread of prescribed species of invasive plants.

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.



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