



**Forest
Practices
Board**

Audit of Range Planning and Practices

*Thompson Rivers Natural Resource District
Range Agreements for Grazing RAN077532 and
RAN077579*

FPB/ARC/203

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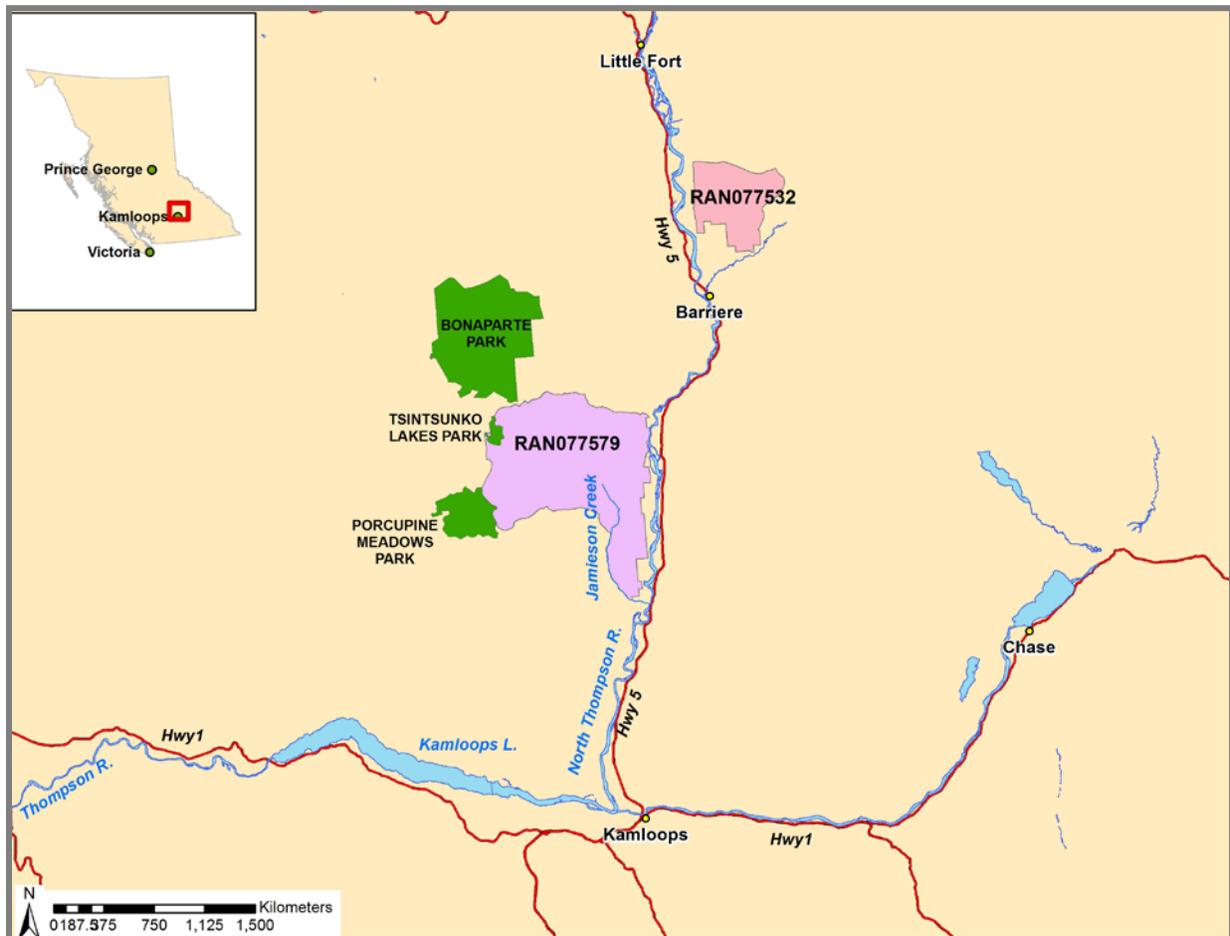
Introduction

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 planning and practices of range agreement holders to ensure compliance with the *Forest and Range Practices Act* (FRPA).

As part of the Board's 2016 compliance audit program, the Board randomly selected the Thompson Rivers Natural Resource District as the location for a full scope compliance audit. Within the district, the Board selected five range agreements for grazing based on their geographic location. This is the audit report for two of those agreements, RAN077532 and RAN077579. These range agreement areas are located north of Barriere and Kamloops, respectively (see map below). Results for the other three range agreements are reported separately.

This report describes what the Board audited and the findings for each range agreement. Detailed information about the Board's compliance audit process is provided in Appendix 1.

Map of Range Agreement Areas Audited



Below are definitions of common terms used in the audit report.

Animal unit month (AUM): This is the quantity of forage consumed by a 450 kilogram cow (with or without calf) in a 30-day period. Because bulls consume more forage than cows, they account for 1.5 AUMs for each 30-day period of grazing.

Assessment of riparian areas: FRPA requires range agreement holders to ensure range practices protect riparian areas – areas adjacent to classified streams, lakes and wetlands. Riparian vegetation adjacent to other non-classified waterbodies, like a seepage, are not included in FRPA's definition of *riparian area*.

Range readiness criteria: These criteria in the range use plan (RUP) are used to determine when Crown range is ready for grazing to begin. These criteria were not assessed because the audit took place towards the end of the grazing season.

Audit Results – RAN077532

Background

RAN077532 is held by J. Klop. The range agreement is located adjacent to Highway 5, approximately 5.5 kilometres northeast of Barriere, BC (see map on page 1). It is a 6453 hectare range agreement managed as 3 pastures, with 855 AUMs authorized for grazing between May 15 and October 15.

Audit Approach and Scope

The standards and procedures used to carry out this audit are set out in the Board's *Compliance Audit Reference Manual, Version 7.1, July 2016*. Auditor's work involved interviewing the range agreement holder as well as ministry staff, reviewing the range use plan (RUP) and maps, and examining the majority of activities undertaken in the field within the two-year audit period of September 1, 2014, to September 13, 2016.

A professional agrologist/forester, a biologist and a chartered professional accountant made up the audit team. Fieldwork took place on September 13, 2016.

Planning and Practice Requirements Examined

The audit examined range planning and practices for compliance with FRPA and the *Range Planning and Practices Regulation*. This included an examination of:

- Compliance with RUPs and any amendments (including maps and the grazing schedule, which identifies the period of use, number of livestock and AUMs authorized for grazing).
- Records maintained by range users (if applicable) and the Ministry of Forests, Lands and Natural Resource Operations (FLNRO).
- Compliance with range practice requirements on the range agreement areas, with a focus on requirements to protect riparian areas, upland areas, drinking water quality, licenced waterworks, fish habitat and maintenance of range developments. (Note: auditors did not assess compliance with range readiness criteria).

At the time of the audit, the range agreement area had not been used for grazing in 2016.

Audit Findings

Required Content of the Range Use Plan

The approved RUP is valid for the period of January 1, 2013, to December 31, 2017, and includes all required content.

Compliance with the Range Use Plan and Practice Requirements

Auditors found that the range agreement holder met the requirements of the RUP for minimum stubble heights and maximum browse utilization, and actions to achieve desired plant communities. The range agreement holder also met the requirements to protect riparian and upland areas (see Figure 1), and to maintain range developments.

Grazing Schedule

FRPA requires agreement holders to ensure that grazing follows the RUP. Changes to the grazing schedule, which are contained within the RUP, must be reported to FLNRO's range staff before the change is made. Communicating modifications to the grazing schedule, such as

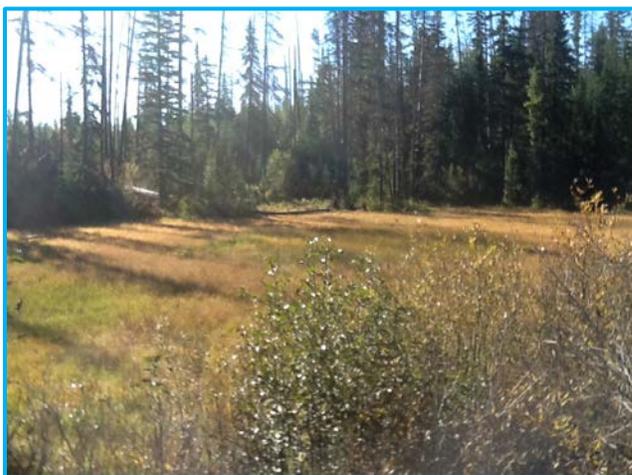


Figure 1. Wetland in good condition

changes in livestock numbers and timing of pasture use, enables effective management of the range resource.

The approved grazing schedule for this tenure indicates 100 cow/calf pairs were to be on Crown range from May 15 to July 11, and 200 cow/calf pairs and 5 bulls were to be on Crown range from July 12 to October 15. The auditee stated he reported multiple changes to the grazing schedule to FLNRO range staff, indicating that cattle would be turned out in June, then August, then September.

However, FLNRO range staff only

have documentation regarding the June adjustment. As no livestock had been turned out on the range agreement area prior to the field audit in September 2016 and no additional documentation of amendments to the grazing schedule was found, this is considered an area requiring improvement.

This example highlights the importance of ensuring that all amendments to the grazing schedule include written documentation, either by letter or email, so there is no confusion between the tenure holder and FLNRO range staff regarding turn-out dates.

Audit Opinion

In my opinion, the range planning and practices carried out by J. Klop under range agreement RAN077532 between September 1, 2014, and September 13, 2016, complied in all significant respects with the requirements of the *Forest and Range Practices Act* and the *Range Planning and Practices Regulation*, as of September 2016. No opinion is provided regarding range readiness criteria.

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 are not considered worthy of inclusion in the audit report.

Without qualifying my opinion, I draw attention to the *Grazing Schedule* section of this report, which describes an area requiring improvement.

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, including adherence to the auditor independence standards and the ethical requirements, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. Such an audit includes examining sufficient range planning and practices to support an overall evaluation of compliance with FRPA.



Christopher R. Mosher CPA, CA, EP(CEA)
Director, Audits

Victoria, British Columbia
February 17, 2017

Audit Results – RAN077579

Background

RAN077579 is held by Tamihi Reforestation & Farming Ltd. The 24 100 hectare agreement area is located 24 kilometres north of Kamloops, in the Jamieson Creek drainage (see map on page 1).

The range agreement has 911 AUMs authorized for grazing between May 15 and September 22. It is managed as two pastures and is surrounded by both private land, along the east boundary, and Crown land, along the north, west and south boundaries.

Audit Approach and Scope

The standards and procedures used to carry out this audit are set out in the Board's *Compliance Audit Reference Manual, Version 7.1, July 2016*. Auditor's work involved interviewing the range agreement holder as well as ministry staff, reviewing the RUPs and maps, and examining the majority of activities undertaken in the field within the two-year audit period of September 1, 2014, to September 15, 2016.

A professional agrologist/forester, a biologist and a chartered professional accountant made up the audit team. Fieldwork took place on September 13 and 15, 2016.

Planning and Practice Requirements Examined

The audit examined range planning and practices for compliance with FRPA and the *Range Planning and Practices Regulation*. This included an examination of:

- Compliance with RUPs and any amendments (including maps and the grazing schedule, which identifies the period of use, number of livestock and AUMs authorized for grazing).
- Records maintained by range users (if applicable) and FLNRO.
- Compliance with range practice requirements on the range agreement areas, with a focus on requirements to protect riparian areas, upland areas, drinking water quality, licenced waterworks, fish habitat, and maintenance of range developments.
(Note: auditors did not assess compliance with range readiness criteria).

Audit Findings

Required Content of the Range Use Plan

The approved RUP includes all required content. The plan is valid for the period January 1, 2015, to December 31, 2019.

Compliance with the Range Use Plan and Practice Requirements

Auditors found that the range agreement holder met most of the requirements of the RUP, including the stubble heights, actions to establish or maintain desired plant communities and actions to address issues identified by FLNRO's minister.

The range agreement holder generally met FRPA's requirements to protect riparian areas, drinking water quality, licensed waterworks and fish habitat. The agreement holder also met requirements to maintain range developments.

Grazing Schedule

FRPA requires agreement holders to ensure that grazing follows the grazing schedule in the RUP. Changes to the grazing schedule must be reported to FLNRO's range staff before the change is made. Communicating modifications to the grazing schedule, such as changes in livestock numbers and timing of pasture use, enables effective management of the range resource.

The agreement holder did not meet requirements outlined in the grazing schedule due to under utilization of allocated AUMs. The range agreement holder was authorized to have 210 cow/calf pairs and 10 bulls on the range, but the range agreement area was only 23 to 43 percent utilized at any given time in 2016. No amendment to the grazing schedule was in place. Although this is a non-compliance with section 45(1)(b) of FRPAⁱ it has not adversely impacted the range agreement area, and is therefore considered an area requiring improvement.

Riparian Areas

The requirement to protect riparian areas was generally met. However, there was one area where approximately 120 metres of riparian area was non-functional, which is a non-compliance with FRPA's requirements to protect riparian areas,ⁱⁱ and an additional 150 metres was functional-at-risk (see Figure 2).

Although there is evidence of recent livestock use, both riparian areas show historical overuse and damage pre-dating the current range agreement holder's acquisition of this agreement area. These stream segments represent

only a small portion of the approximately four kilometres of riparian areas that was assessed on the range agreement area, therefore this is considered an area requiring improvement.



Figure 2. Impacted riparian area

Audit Opinion

In my opinion, the range planning and practices carried out by Tamihi Reforestation & Farming Ltd. under range agreement RAN077579 between September 1, 2014, and September 15, 2016, complied in all significant respects with the requirements of the *Forest and Range Practices Act* and the *Range Planning and Practices Regulation*, as of September 2016. No opinion is provided regarding range readiness criteria.

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 are not considered worthy of inclusion in the audit report.

Without qualifying my opinion, I draw attention to the *Grazing Schedule* and *Riparian Areas* sections of the report, which describe two areas requiring improvement.

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, including adherence to the auditor independence standards and the ethical requirements, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. Such an audit includes examining sufficient range planning and practices to support an overall evaluation of compliance with FRPA.



Christopher R. Mosher CPA, CA, EP(CEA)
Director, Audits

Victoria, British Columbia
February 17, 2017

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 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 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.

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

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.

ENDNOTES

ⁱ *Forest and Range Practices Act: General*

- 45** (1) A person who grazes livestock, cuts hay or carries out or maintains a range development on Crown range must do so in accordance with
- (a) this Act, the regulations and the standards, and
 - (b) the applicable range use or range stewardship plan.

ⁱⁱ *Range Planning and Practices Regulation: Riparian areas*

- 30** A range agreement holder must not carry out a range practice if it would result in a material adverse affect on the ability of the riparian area to
- (a) withstand normal peak flow events without accelerated soil loss, channel movement or bank movement,
 - (b) filter runoff,
 - (c) store and safely release water, and
 - (d) conserve wildlife habitat values in the area.



**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