

Audit of Forest Planning and Practices
Tumbler Ridge Community Forest Corp.
Community Forest Agreement K2O

FPB/ARC/#
November 2016

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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* and the *Wildfire Act*.

As part of its 2016 compliance audit program, the Board randomly selected the Peace Natural Resource District for the location of a full scope compliance audit. The Board selected both community forest agreements in the district for audit. This is the audit report for Community Forest Agreement K2O, held by the Tumbler Ridge Community Forest Corp. (TRCF). Results for the other community forest is reported separately.

This report explains what the Board audited and the results. Detailed information about the Board's compliance audit process is provided in Appendix 1.



Windfarm in the middle of TRCF operating area.

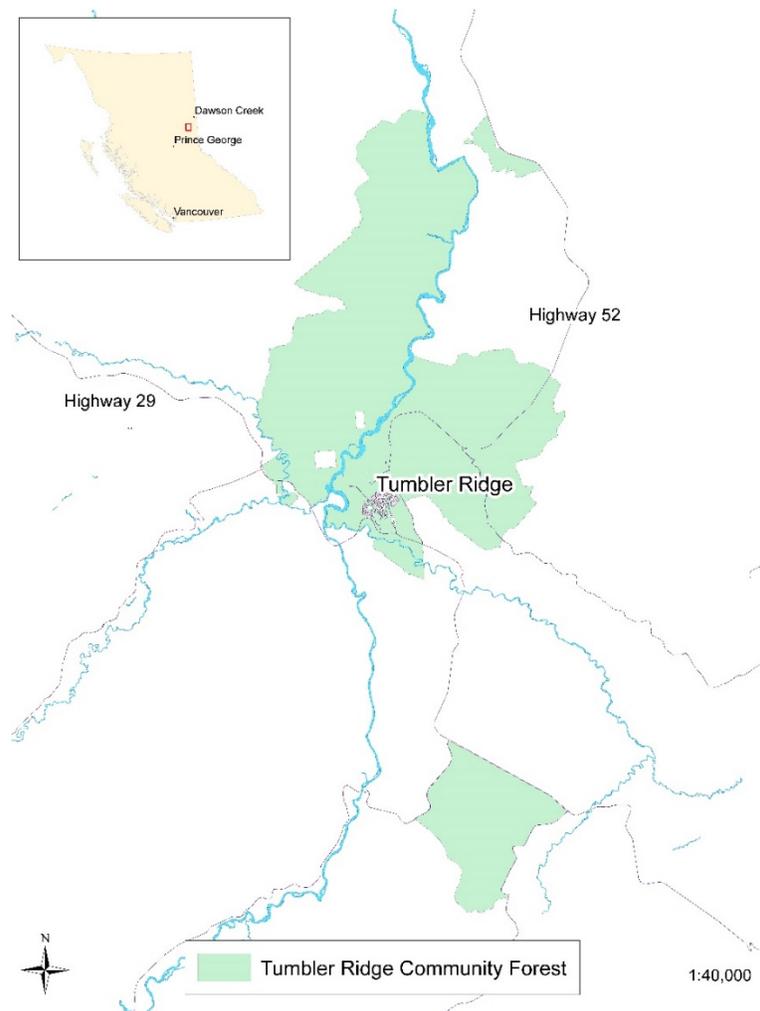
Background

Community forests are area-based forest tenures that give communities exclusive rights to harvest timber while managing forest values such as recreation, wildlife, water and scenic areas.

CFA K2O was issued to TRCF in 2011 and has an annual allowable cut of 20,000 cubic metres per year. In 2013, TRCF applied for, and was granted, an uplift volume to allow it to harvest mountain pine beetle infested stands. The uplift set the allowable annual cut at 300,000 cubic metres for the cut control period of January 1, 2011, to December 31, 2015. The allowable annual cut returned to 20,000 cubic metres in 2016. From September 2014 until September 2016, TRCF harvested 160,000 cubic metres of timber.

TRCF operates on 19,850 hectares over two operating areas around the community of Tumbler Ridge in the Peace Natural Resource District. There are no community watersheds or range tenures within the operating areas, although there is a windfarm in the middle of one of them. The terrain is gently rolling with a mix of coniferous and deciduous species and few streams or wetlands.

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 September 1, 2014, and September 27, 2016, were subject to audit, including harvesting, roads, silviculture, wildfire protection and associated planning.

Auditors assessed these activities for compliance with the *Forest and Range Practices Act* (FRPA), the *Wildfire Act* (WA), and applicable regulations. Auditors' work involved interviewing staff, reviewing the forest stewardship plan and site plans, assessing silviculture records, and assessing sites in the field. Field sites were accessed by truck and helicopter.

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*.

Three forest professionals and a chartered professional accountant made up the audit team. The audit team was in the field with TRCF staff on September 26th and 27th, 2016.

Planning and Practices Examined and Findings

Operational Planning

TRCF planned its activities under an approved forest stewardship planⁱ (FSP), which remains in effect until September 2017. The FSP and stand-level site plans were examined for consistency with legislative requirements. Auditors also considered site plans during harvesting, road and silviculture field sampling to ensure that they accurately identified site conditions.

Planning was consistent with the FSP and legislative requirements. The FSP addressed the legal orders that apply to forest practices in the audit area.

The FSP and site plans were consistent with FRPA requirements. TRCF addressed site specific resources in the site plans by accurately identifying and prescribing practices for resource features.

There were no concerns with operational planning.

Timber Harvesting

Thirteen cutblocks covering 1,338 hectares were harvested during the audit period.

Auditors examined 7 of the cutblocks, totalling 669 hectares.

All harvesting targeted pine-leading stands. Harvesting was conducted in accordance with the requirements of legislation and site plans. Soil disturbance was well managed and within limits. Natural drainage patterns were maintained and individual tree retention objectives were met. TRCF met visual quality objectives on cutblocks



Harvesting adjacent to Tumbler Ridge

that were within visual polygons. In addition, it managed visuals on one cutblock that was outside of a visual polygon, but visible from a popular hiking trail.

TRCF harvested two cutblocks immediately adjacent to the community of Tumbler Ridge. When harvesting these blocks TRCF removed the pine and retained the other coniferous and deciduous species to meet visual, recreation and fuel management objectives. Roads within these cutblocks were rehabilitated and converted to hiking trails once harvesting is complete.

There were no issues with harvesting.

Road Construction, Maintenance, and Deactivation

During the audit period, TRCF constructed 33 kilometres, maintained 27 kilometres and deactivated 9 kilometres of road. TRCF did not install, maintain or deactivate any bridges.

Auditors examined 27 kilometres of constructed road, 25 kilometres of maintained road and 5 kilometres of deactivated road.

Construction

Road construction used conventional cut and fill techniques on relatively flat ground within cutblocks, and roads were well-built by contractors. Natural drainage patterns were maintained on completed road sections.

Maintenance

TRCF maintains a road ledger to track the activities and obligations on their roads. Auditors did not consider any of the roads to be high risk. Roads were well maintained and seasonally deactivated.

Deactivation

Roads were adequately deactivated. There were very few natural drainage patterns so most of the deactivation consisted of water barring and restricting access.

There were no issues with road construction, maintenance or deactivation.

Silviculture Obligations and Activities

TRCF planted 16 cutblocks and brushed 2 cutblocks during the audit period. No other silviculture activities or obligations were conducted or due within the audit period.

Auditors examined 7 planted cutblocks and 1 brushed cutblock.

TRCF planted the cutblocks with suitable tree species and stock. All planted stock met the chief forester's seed transfer guidelines and no issues were noted in the field. The brushing was well done on the one cutblock field reviewed.

There were no issues with silviculture.

Wildfire Protection

Fire Preparedness

Auditors encountered one active work site and determined that the workers met the fire preparedness requirements of the WA. Workers were adequately prepared with the appropriate equipment, including hand tools and a water delivery system for fighting a wildfire.

Fire Hazard Assessment

The WA requires licensees to assess the fire hazard at specified intervals, including an assessment of the fuel hazard and its associated risk of a fire starting or spreading. Hazard assessments were completed for all six cutblocks sampled.

Fire Hazard Abatement

It is the standard practice of TRCF to pile slash and then burn it when it is safe to do. The hazard had been abated on four of the sampled cutblocks, even though the hazard abatement was not due on any of the cutblocks for another year. As a result, hazard abatement was not an issue.

There were no issues with wildfire protection.

Audit Opinion

In my opinion, the operational planning, timber harvesting, road construction, maintenance and deactivation, silviculture, and fire protection activities carried out by Tumbler Ridge Community Forest Corp. within community forest agreement K2O between September 1, 2014, and September 27, 2016, complied in all significant respects with the requirements of the *Forest and Range Practices Act*, the *Wildfire Act* and related regulations, as of September 2016.

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 and Findings* 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 forest planning and practices to support an overall evaluation of compliance with FRPA, and WA.



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Victoria, British Columbia
November 29, 2016

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.

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.

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.