



BC Timber Sales – Chinook Business Area SFI Surveillance Audit – September 2010

In September 2010, an audit team from KPMG Performance Registrar Inc. (KPMG PRI) carried out an SFI surveillance audit of the BC Timber Sales – Chinook Business Area (Chinook BA) woodlands operations against the requirements of the 2005 – 2009 edition of the Sustainable Forestry Initiative® (SFI) standard. This Surveillance Summary Report provides an overview of the process and KPMG’s findings.

Chinook Business Area’s Crown Land Forest Operations:

British Columbia (BC) Timber Sales is an autonomous organization within the Ministry of Forest and Range, with financial and operational independence from regional and district operations. This organization is comprised of 12 business areas across the province and supports the Ministry’s goal of providing British Columbians with sustainable benefits from the commercial use of public forests. BC Timber Sales provides these benefits by planning, developing, and selling through auction a substantial and representative portion of the province’s annual available timber volume. The bid prices received from auctioned timber drive the Market Pricing System for setting stumpage in coastal and interior operating areas of the province. The organization manages about 20% (16 million m³) of the provincial allowable annual cut (AAC).

The Chinook Business Area (“BA”), situated on the southern coastal mainland and the islands of Haida Gwaii, encompasses the Chilliwack, Squamish and Haida Gwaii Forest Districts. The scope of the SFI certificate covers the Chinook BA’s sustainable forest management planning and practices within its entire Business Area, which encompasses its operations in the Fraser, So0 and Queen Charlotte Islands Timber Supply Areas (TSA) and in Tree Farm Licences’ (TFL) 25 (Blk. 6), 26, 38 and 39 (Blk. 6).

Six statutes form the legal framework for forest management on Crown lands in BC: the Forest Act, the Forest Practices Code of British Columbia Act, the Ministry of Forests Act, the Forest and Range Practices Act (FRPA), the Wildfire Act, and the Foresters Act. Numerous other provincial and federal acts, regulations, guidelines and policies also have implications for forestry operations on Crown lands. BC Timber Sales offices issue timber sale licences to successful bidders under the authority of the Forest Act. The AAC of each TSA is determined by the provincial chief forester, every 5 years, under authority of Section 8 of the Forest Act. The AAC allocated to the Chinook BA in the three TSAs and four TFLs is 672,754 m³. The BA’s current operating area encompasses over 557,000 hectares.

FRPA and its regulations in particular set the requirements for planning, road building, logging, reforestation and grazing. FRPA prescribes levels of protection for forest values including watersheds and wildlife habitat, and defines planning processes. BC Timber Sales has developed Forest Stewardship Plans (FSP) to meet the requirements of FRPA.

The Chinook BA has developed a Sustainable Forest Management Plan (SFMP) which describes how the operation will achieve the broad objectives of higher level plans developed through public involvement processes and guides the development and content of other planning documents including the FSPs. The SFMP reflects the bounds established by higher level plans and through the regulatory framework described above. The Chinook BA ensures that all lower-level plans it is responsible



Findings – BC Timber Sales Chinook BA SFI Surveillance Audit – September 2010

for developing (i.e., its FSPs and all site level plans) are consistent with the commitments made in its SFMP.

Chinook BA crown land woodlands operations are managed from the timber sales office located in Chilliwack, B.C. The Chinook BA woodlands operations lie within the Chilliwack, Squamish and Haida Gwaii Forest Districts.

Audit Scope

The SFI surveillance audit was conducted against the requirements of the 2005-2009 version of the SFI standard, and incorporated a limited scope assessment against the SFI program objectives for::

- Objective 4 – Wildlife Habitat and Conservation of Biological Diversity
- Objective 11 – Compliance with Legal and Regulatory Requirements
- Objective 13 – Management Review and Continual Improvement

In addition, the audit assessed progress in implementing the SFI 2010-2014 standard. The scope of the 2010 SFI surveillance audit included all of BCTS Chinook's woodlands operations managed by the field staff located in Chilliwack and Haida Gwaii.

History of BCTS Chinook's SFI Certification

BCTS Chinook Business Area has had SFI sustainable forest management (SFM) certification since 2009. In addition, BCTS Chinook first achieved ISO 14001 certification in 2003 and has since, along with the other 11 Business Areas in BC, received Corporate ISO 14001 certification under a multi-site certificate in 2010.

The Audit

- **Surveillance Audit Approach** – Surveillance audits are designed to provide evidence of continuing implementation of SFI requirements and require a full assessment of performance against selected applicable elements of the standard.
- **Audit Team** – The surveillance audit was conducted by Craig Roessler, RPF, CEA(SFM), EMS(LA) and Del Ferguson, P.Geo. Mr. Ferguson acted as the lead auditor on this engagement.
- **SFI Program Representatives** – Guy Fried, Planning Forester and Steve Lush, Certification Standards Officer served as the Chinook Business Area's SFI program representatives during the audit.
- **SFI Surveillance Audit** – The assessment, which was conducted September 20 – 22, 2010, involved site visits as follows:
 - Office based review of key SFM system and planning documentation and records and interviews with a sample of staff within the Chilliwack and Haida Gwaii offices.
 - Field inspections of a sample of sites located in the operating areas associated with the Chilliwack and Haida Gwaii offices and corresponding interviews with a sample of licensee and contractor employees.
- **Audit Focus Areas** – In addition to assessing actions taken with respect to previously identified minor nonconformities and opportunities for improvement and actions to maintain SFI conformance against selected elements sampled during this audit, the 2010

Audit Results

| | |
|---|---|
| Open minor nonconformities from previous audits | 1 |
| Major nonconformities | 0 |
| Minor nonconformities | 0 |
| Opportunities for improvement | 4 |

Types of audit findings

Major nonconformities:

Are pervasive or critical to the achievement of the SFM Objectives.

Major nonconformities must be addressed immediately or registration cannot be achieved / maintained.

Minor nonconformities:

Are isolated incidents that are non-critical to the achievement of SFM Objectives.

All nonconformities (major and minor) require an action plan within 30 days and must be addressed by the operation.

Opportunities for Improvement:

Are not nonconformities but are comments on specific areas of the SFM System where improvements can be made.

Findings – BC Timber Sales Chinook BA SFI Surveillance Audit – September 2010

audit assessed the operation’s progress in implementing the incremental requirements of the SFI 2010-2014 standard.

- **Audit Sample** – The field audit involved inspections of construction, maintenance and deactivation practices on 12 roads, harvesting practices on 8 blocks and regeneration practices on 4 silviculture units.

Use of Substitute Indicators

The audit was based on the indicators included in the 2005-2009 version of the SFI standard. No substitute indicators were used during the surveillance audit.

Audit Objectives

The objective of the audit was to evaluate the SFM system at BC Timber Sales – Chinook Business Area, its implementation, effectiveness and conformance with the requirements of SFI.

Audit Conclusions

The audit found that the BCTS Chinook’s SFM system:

- Was in full conformance with the requirements of the SFI requirements included within the scope of the audit;
- Continues to be effectively implemented, and;
- Is sufficient to systematically meet the commitments included within the organization’s SFI-SFM policy, provided that the system continues to be implemented and maintained as required.

As a result, a decision has been reached by KPMG to continue to certify the operations of BCTS Chinook to the SFI standard.

Primary sources of evidence assessed to determine conformity with the SFI 2005-2009 standard are presented in the following table:

| SFI Objective # | Key Evidence of Conformity |
|---|---|
| 1 – Forest Management Planning | Not in scope during this surveillance audit. |
| 2 – Forest Productivity | Not in scope during this surveillance audit. |
| 3 – Protection and Maintenance of Water Resources | Not in scope during this surveillance audit. |
| 4 – Conservation of Biological Diversity | SFM Plan, SFI Implementation Matrix, Forest Stewardship Plans, Landscape Units and Objectives, Haida Gwaii Land Use Objectives Order, EMS, Government notices respecting species at risk and ungulate winter ranges, species at risk identification, planning and management documentation and records, interviews with key staff, field inspections. |
| 5 – Management of Visual Quality | Not in scope during this surveillance audit. |
| 6 – Protection of Special Sites | Not in scope during this surveillance audit. |
| 7 – Efficient Use of Forest Resources | Not in scope during this surveillance audit. |
| 8 – Procurement | Not applicable – BCTS does not procure fibre. |



These two photos demonstrate the operational challenges faced by the Business Area, including the implementation of road construction, falling and yarding operations in steep terrain. In addition to well thought out planning and layout, BCTS Chinook faces such challenges by ensuring that road construction and logging crews are well trained and alerted to key operational and environmental issues prior to the commencement of operations and that adequate monitoring and inspections occur as operations proceed.

Findings – BC Timber Sales Chinook BA SFI Surveillance Audit – September 2010

| SFI Objective # | Key Evidence of Conformity |
|--|---|
| 9 – Forestry Research, Science and Technology | Not in scope during this surveillance audit. |
| 10 – Training and Education | Not in scope during this surveillance audit. |
| 11 – Legal and Regulatory Compliance | SFM Plan, SFI Implementation Matrix, inspection records, internal audit records, compliance tracking records, Ministry of Forests’ compliance and enforcement records, planting records, action plans, EMS, electronic subscription to laws and regulations, field inspections. |
| 12 – Community Involvement & Outreach | Not in scope during this surveillance audit. |
| 13 – Management Review and Continual Improvement | SFM Plan, SFI Implementation Matrix, EMS, SFI management review agenda/meeting minutes/inputs; Internal audit report; BCTS Provincial Internal Audit Program and Plan (2009 – 2012); Internal audit action plans; sample of BCTS and licensee inspections. |



Photo taken from a harvest block looking towards settlements situated on the valley bottom demonstrates the use of such block design features as retention patches to screen the visibility of harvested openings from visually sensitive vantage points.

Good Practices

A number of good practices were noted during the 2010 audit. The following list outlines some of the more notable examples of good practices that were observed by the audit team:

- **Objective 4** – Effective planning and management processes and procedures have been established and implemented to address critically imperiled and imperiled species and communities.
- **Objective 10** – A high degree of awareness and due diligence was demonstrated by key BC Timber Sales and the licensee personnel on one harvest block field inspected that resulted in the preservation of a special site (Mountain Beaver) and the proactive identification of invasive plant species.
- **Objective 12** – Exemplary planning efforts were employed on another harvest block field inspected to minimize the impacts of forest operations on recreational resources within a high value recreation area.

Follow-up up on Open Nonconformities from Previous Assessments

At the time of this assessment there were three open minor nonconformities from the previous audit. The audit team reviewed the implementation of the action plans developed by BCTS Chinook to address these issues, and found that they had been effectively implemented to address the root causes of two of the minor nonconformities. Consequently, two of the nonconformities from previous audits were closed. Although it was verified that the action plans had been implemented in the case of the third minor nonconformity identified during the previous audit, because the field audit observed a recurrence of similar issues that gave rise to this nonconformity (i.e., inadequate water maintenance in a block where activities were curtailed for an extended period of time), this nonconformity remains open and will be revisited during the next schedule KPMG PRI audit.

Findings – BC Timber Sales Chinook BA SFI Surveillance Audit – September 2010

Areas of Nonconformity

No new nonconformities were identified during the 2010 audit.

Opportunities for Improvement

Four opportunities for improvement were identified during the 2010 SFI surveillance audit:

- **Objective 2** – The field audit observed rutting in one soft area of an active harvest block. The buncher operator demonstrated a lack of commitment to minimize the rutting in this area, which was clearly marked on the harvest map provided to the operator.
- **Objective 4** – The audit identified an opportunity to improve upon the rationales provided in two Site Plans for not implementing recommendations made in a wildlife report or, alternatively, to better reflect these recommendations in block and retention patch design.
- **Objective 11** – BCTS field procedures require site maps to be readily available to operators. On one active harvest block field reviewed the processor operator (who was also acting site supervisor) did not have ready access to the harvest plan map.
- **Objective 13** – The audit determined that there was an opportunity to improve upon the level of detail provided to the management review process as well as the documentation of progress in relation to specific key indicators of performance.

Corrective Action Plans

The corrective action plans designed to address the root causes of the above noted nonconformity that remained open from the previous audit have been developed by BCTS Chinook and reviewed and approved by KPMG PRI. The next audit will include a follow-up assessment of these issues to confirm that the corrective action plans have been effectively implemented.



The audit included field inspections of active harvesting operations and interviews with equipment operators.

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