In July 2017, an audit team from KPMG Performance Registrar Inc. (KPMG PRI) carried out a CSA Z809 re-certification audit of BC Timber Sales—Peace Liard Business Area’s operations under the Sustainable Forest Management (SFM) Plan for the Fort Nelson Defined Forest Area (DFA). This Certification Summary Report provides an overview of the process and KPMG’s findings.

Description of BCTS’ Defined Forest Area

The Fort Nelson defined forest area (DFA) is located in the northeast corner of British Columbia, encompasses a total area of 1,814,000 hectares, and has an allowable annual cut around 300,000 m³ per year. Canadian Forest Products Ltd. Also operates on the DFA and conducts operations under the same Sustainable Forest Management Plan as BCTS but maintains a separate CSA Z809 certificate. Due to market conditions, there has been an extended period with no harvesting activity on the DFA, which includes the full 3 year certification cycle that ended in 2017. As a result, forestry activities on the DFA are limited primarily to ongoing reforestation activities.

Scope of Certification

The scope of the certification includes the Sustainable Forest Management System implemented by BC Timber Sales, Peace-Liard Business Area – Fort Nelson Field Team and their associated forest management activities on the Fort Nelson Defined Forest Area.

The CSA Z809 certification was originally granted in 2007.

Audit Scope

The audit was conducted against all requirements of the CSA Z809-08 standard, including those related to:

- The public participation process;
- Development and maintenance of the SFM plan;
- Monitoring of SFM performance, and;
- Implementation of the various management system components (e.g. legal requirements, monitoring and inspections, internal audits, etc.) that are required under the CSA Z809 standard.

All elements of the CSA Z809 standard were assessed during the re-registration process.

The Audit

- **Audit Team** – The audit was conducted by Chris Ridley-Thomas, RPBio, EP (EMSLA). Chris has conducted numerous forest management audits under a variety of Standards including SFI, CSA Z809 and FSC.

- **CSA Z809 Re-registration Audit** – The audit included an off-site document review followed by an on-site assessment of BCTS Fort Nelson’s implementation of their SFM system that was conducted between July 11-13, 2017, including inspection of 2 reforestation sites. Conclusions regarding conformance with the requirements of the standard were based on the collection of sufficient and appropriate audit evidence drawn from the following sources: (1) review of various SFM system procedures and records, (2) interviews with BCTS staff, and (3) interviews with a sample of public advisory group members, (4) pre-audit questionnaires sent to local First Nations, and (5) visits to field sites to evaluate conformance with the applicable requirements of the CSA Z809 standard.
Findings: BC Timber Sales—Fort Nelson DFA—2017 CSA Z809 Audit

- **Surveillance Audits** – Annual surveillance audits are conducted by the audit team annually to ensure that CSA Z809 requirements continue to be met. The next audit is scheduled to take place in the summer of 2018. In the absence of new harvesting the audit will continue to focus field activities on maintenance of forest roads and reforestation.

- **BCTS Fort Nelson’s CSA Z809 Certification Representative** – Jason Pederson RFT served as BCTS’s representative during the audit.

**Audit Objectives**

The objectives of the audit were to evaluate the sustainable forest management system(s) at BCTS Peace-Liard Timber Sales Business Area to:

- Determine its conformance with the requirements of CSA Z809-2008;
- Evaluate the ability of the system to ensure that BCTS Peace-Liard Business Area meets applicable regulatory requirements;
- Evaluate the effectiveness of the system in ensuring that BCTS Peace-Liard Business Area meets its specified objectives, and;
- Where applicable, identify opportunities for improvement.

These objectives were met.

**Findings from Previous Audits**

At the time of this assessment there were no open non-conformities from previous audits.

**Good Management Practice**

The following good practice was noted during the 2017 Re-registration audit:

- A combination of a range of relevant and informative activities and a core of dedicated public advisory group (PRISM) members has allowed the PRISM process to continue throughout the extended shutdown of harvesting operations.

**New Areas of Nonconformance**

One minor non-conformity was identified during the audit:

- **CSA Z809 @ 7.5.4.1 (internal audit)** - The 2017 internal audit report was unclear as to the extent of work conducted in relation to the Fort Nelson DFA. As a result, it was unclear whether the scope of the audit was sufficient to meet the internal audit requirements of CSA Z809.

**New Opportunities for Improvement**

Six opportunities for improvement were identified during the audit:

- **CSA Z809 @ 7.5.1 (monitoring and measurement)** - Indicator 1.1.3 tracks forest area by seral stage and under the SFM plan is to be updated every 5 years. The indicator data was last updated in 2011 so there is an opportunity to update the data.
CSAZ809 @ 6.3.2 (Core Indicator 2.2.1 Additions and deletions to the forest area)

The data presented in the SFM plan in relation to permanent deletions addresses deletions created by all industries in contrast to the target which is based solely on the impacts of forest management activities. This results in an inability to determine the impacts of forest activities. Further, subsequent annual monitoring reports repeat the baseline information in the SFM plan without pointing out that this information is not monitoring data and is not current. The annual monitoring report does however include text that captures the impacts of forest management activities during the year. As a result, there is an opportunity to more clearly present data related to permanent deletions in both the SFM plan and annual monitoring reports.

CSAZ809 @ 7.3.5 (SFM Plan) - CSA Z809@ 7.3.5 (b). Requires that the SFM plan contain "a summary of the most recent management plan and the management outcomes, including the conclusions drawn in the management review". While the SFM plan explicitly addressed most of the requirements, the role of the management review is implicit (e.g., it is not included in the flowchart on SFM plan implementation in Figure 2). As a result, there is an opportunity to improve the disclosure on the role of the management review and use of its outcomes in the SFM plan.

CSA Z809@ 7.4.3 (Communication) - CSA Z809@ 7.4.3 (d) requires that the organization "make publicly available an annual report on its performance in meeting and maintaining the SFM requirements". While an annual report is produced and provides an assessment of performance for the year, most of the data tables presented are directly from the SFM plan and have not been updated. While the lack of harvesting activity means that many of the data tables would either not have changed or would not have changed significantly there is an opportunity to make the sourcing and age of the data much clearer to avoid implying that the data is current (e.g., seral stage information, deletions from the forested landbase and ecosystem carbon storage data are not updated while recreational trail and shrub habitat data are updated.

CSA Z809@7.5.1 (Monitoring) - CSA Z809@7.5.1 (d) requires that the organization "assess the quality, validity and meaningfulness of locally determined indicators and all of the targets." The SFM plan has targets related to direct and indirect employment that are reported in the annual report. There is an opportunity to assess the quality of this data based on the multiplier used for indirect employment which is currently based on 2001 data and may no longer be appropriate.

CSA Z809 @ 6.3.2 (Core Indicator 2.2.1 Shrub habitat) - The target presented in the SFM plan is no longer valid as the underlying data sources have changed and this target can no longer be reported on in the manner envisaged in the SFMP. The target also lacks clarity as to how the 5% allowable variance is calculated, which if calculated based on the TSA area would be inappropriate as it would allow for complete elimination of shrub habitat. As a result, there is an opportunity to improve the shrub habitat target in the SFM plan.
Corrective Action Plans
Corrective action plans designed to address the root causes of the non-conformity identified during the audit have been developed by BCTS and reviewed and approved by KPMG. The next surveillance audit will include a follow-up assessment of these issues to confirm that the corrective action plans developed to address them have been implemented as required.

Audit Conclusions
The audit found that BCTS Fort Nelson’s SFM system:

- Was in full conformance with the requirements of CSA Z809 included in the scope of the audit, except where noted otherwise in this report;
- Continues to be effectively implemented, and;
- Is sufficient to systematically meet the commitments included within the BCTS SFM policy, provided that the system continues to be implemented and maintained as required.

As a result, a decision has been made to re-certify BCTS’s operation on the Fort Nelson DFA to the CSA Z809 standard.

Focus Areas for the Next Audit
The following issues/topics have been identified as focus areas for the next audit:

- Transition to the revised CSA Z809:2016 standard.
- Inclusion of TSR 4 data in the revised SFM plan.
- Degree of success in achieving effective consultation under SFM objectives related to Aboriginal participation, consultation on management plans and use of Aboriginal knowledge under indicators 6.2.1, 6.1.2, and 5.2.4 in the SFM plan.
- Indicator actions required should operations start up, such as designation of sensitive watersheds and associated targets and review and (where necessary) updating the NRV basis underlying the plan.