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Ms. Kyla Pollard, RFT  
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BCTS Stuart-Nechako  
1522 Highway 16E  
Vanderhoof, BC V0J 3A0

October 27, 2011

Dear Kyla:

**Re: 2011 CSA Z809 Re-certification/ISO 14001 Surveillance Audit Report for BCTS Stuart-Nechako**

Our 2011 CSA Z809 re-certification/ISO 14001 surveillance audit report for BCTS Stuart-Nechako is attached. The report documents the results of the audit that took place during the period October 24-27, 2011.

As communicated to you previously, you are required to submit corrective action plans to address all identified non-conformities within 30 days of the date of the closing meeting. Upon receipt by KPMG PRI, these will be reviewed to verify that they adequately address the root cause(s) of the non-conformities identified during the audit, and either approved or returned to you for revision.

We value the ongoing working relationship that we have with BCTS Stuart-Nechako, and appreciate the assistance provided to the audit team by Company staff and contractors during the audit process. If you have any questions regarding the results of the audit or what is required in the way of corrective actions, please call me at the phone number listed below.

Yours very truly,

Dave Bebb, RPF, EP(EMSLA)  
*Vice President, Registration Operations*  
*KPMG Performance Registrar*  
(604) 691-3451

cc: Rein Kahlke, RPF, BCTS Certification Officer

Enc: 2011 CSA Z809 Re-certification/ISO 14011 Surveillance Audit Report for BCTS Stuart-Nechako



**2011 CSA Z809 Re-certification/ISO 14001 Surveillance  
Audit Report for  
BCTS Stuart-Nechako**

**October 27, 2011**

The information in this audit report is confidential and may be legally privileged. It is intended solely for the use of the intended recipient, BCTS Stuart-Nechako. Access to this audit report by anyone else is unauthorized. If you are not the intended recipient, any disclosure, copying, distribution or any action taken or omitted to be taken in reliance on it, is prohibited and may be unlawful. Any opinions contained in this audit report are subject to the terms and conditions expressed in the governing KPMG PRI client engagement contract.



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## A. Client Information

<b>Client Name:</b>	BCTS Stuart-Nechako Business Area
<b>Audit Criteria:</b>	CSA Z809-02 ISO 14001:2004
<b>Scope of Registration:</b>	<p><b>CSA Z809 (Vanderhoof DFA):</b> Forestry operations on Crown forest land including planning and performance on active and completed timber sales as well as EMS conformance by individual participating BCTS licensees, permittees and contractors within the Vanderhoof Defined Forest Area (BCTS operations within the Vanderhoof TSA).</p> <p><b>CSA Z809 (Fort St. James DFA):</b> Forestry operations on Crown forest land including planning and performance on active and completed timber sales as well as EMS conformance by individual participating BCTS licensees, permittees and contractors within the Fort St. James Defined Forest Area (BCTS operations within the Fort St. James TSA).</p> <p><b>BCTS ISO 14001:</b> All licenses, permits or contracts awarded by BCTS Timber Sales Managers, as well as all activities undertaken by BCTS Corporate staff, Business Area Staff, licensees/permittees and contractors in the following functional areas: planning, roads, harvesting and silviculture.</p>
<b>Client Representatives:</b>	<p><b>EMS:</b> Kyla Pollard, Certification Standards Officer</p> <p><b>Vanderhoof CSA Z809:</b> Sara Lazaruk, Planning Forester; Bruce Middleton, Planning Forester</p> <p><b>Fort St. James CSA Z809:</b> Sara Lazaruk, Planning Forester; Jeremy Greenfield, Planning Forester</p>
<b>Assessment Number:</b>	<p>CSA Z809 (Vanderhoof) : #2265.10</p> <p>CSA Z809 (Fort St. James): #22.65.23</p> <p>ISO 14001 : #2265</p>

## B. Document Review Findings

The 2011 BCTS Stuart-Nechako audit included an off-site document review of selected documents and records related to the Vanderhoof and Fort St. James CSA Z809-02 re-registration audits. No potential areas of concern were identified during the review. As a result, there were no document review issues that required follow-up during the field portion of the audit.

### C. Audit Details

<b>Type of Audit:</b>	CSA Z809 : Re-certification Audit (RR) ISO 14001 : Surveillance Audit (A2)
<b>Date(s) of Document Review:</b>	September 21-22, 2011
<b>Date(s) of Field Audit:</b>	October 24-27, 2011
<b>Date of Next Assessment:</b>	October 2012
<b>Audit team:</b>	Lead auditor: Dave Bebb Audit team members: Del Ferguson
<b>Audit Report Distribution:</b>	BCTS Stuart-Nechako KPMG PRI audit files
<b>Audit objective(s):</b>	The objective(s) of the audit was to evaluate the environmental and sustainable forest management system at BCTS Stuart-Nechako, its implementation, effectiveness and conformance with the requirements of CSA Z809. These objective(s) were met.
<b>Audit scope:</b>	The scope of the audit included: The elements of the CSA Z809 standard outlined in the audit plan. Activities conducted under the Company's management system during the period October 29, 2009 – October 27, 2011. Visits to the following BCTS Stuart-Nechako operations: <ol style="list-style-type: none"> <li>1. Vanderhoof Business Area Office.</li> <li>2. Fort St. James Field Office.</li> <li>3. Various field sites located within the Vanderhoof and Fort St. James DFAs.</li> </ol>
<b>Audit sample size:</b>	Number of field sites visited during the audit: Roads: 7 (Vanderhoof = 4, Fort St. James = 3) Harvesting: 11 (Vanderhoof = 4, Fort St. James = 7) Silviculture: 6 (Vanderhoof = 2, Fort St. James = 4)

## D. Audit Findings

### Good Practices

The following good practices were noted during the audit:

1. The Vanderhoof and Fort St. James licensee teams and PAGs continue to devote considerable time to revising the Vanderhoof and Fort St. James SFM plans to meet the requirements of CSA Z809-08.
2. BCTS Stuart-Nechako staff have done a good job of managing the risks posed to soil productivity by harvesting operations during the wet weather conditions experienced during summer 2011.
3. The audit noted a number of examples of conservative riparian management practices (S2/S3 streams that were excluded from the harvest area and protected with well sized RRZs, retention of stubs and non-merchantable stems along in-block NCDs, etc.).
4. The large majority of the LPC employees interviewed during the audit demonstrated a good awareness of the EMS requirements and site-specific environmental concerns applicable to the site they were working on.
5. Use of an on-site weather-proof tote by a TSL holder as means to store pertinent EMS documents/records (e.g., pre-works, LPC self-inspections, training, EMS field booklet, site plan and map, ERP, etc.) and make them available to employees and subcontractors (Timber Sale A86077).

### Follow-up on open non-conformities and opportunities for improvement from previous BCTS Stuart-Nechako ISO 14001 and CSA Z809 audits

At the time of this assessment there were a total of 2 open minor non-conformities and 11 opportunities for improvement from previous external BCTS Stuart-Nechako ISO 14001 and CSA Z809 audits. The audit team reviewed the implementation of the action plans developed by BCTS Stuart-Nechako to address these issues, and found that adequate progress had been made towards addressing a number of these findings. In particular, we found that the 2 open minor non-conformities from the 2010 external audit (which related to the continued use of non-specification tanks greater than 450 litres and inadequate spill kits associated with fuel tanks and logging equipment) have now been adequately addressed. As a result, both of these findings have now been closed. However, there are a total of 5 opportunities for improvement from previous BCTS Stuart-Nechako audits that have yet to be adequately addressed by the Operation and remain open. In addition 1 previous opportunity for improvement has been closed and replaced with a minor non-conformity. The current status of the non-conformities and opportunities from previous BCTS Stuart-Nechako ISO 14001 and CSA Z809 audits are outlined below.

#### Status of minor non-conformities from previous audits

- **TSN-2010-NC-01** (continued use of non-specification fuel tanks over 450 litres in size) – All of the action plan items that were developed to address this finding have now been

implemented. Inspection of a sample of active field sites did not identify any situations where non-specification tanks greater than 450 litres were still in use. **NC closed.**

- **TSN-2010-NC-02** (inadequate spill kits associated with fuel tanks and logging equipment) – All of the action plan items that were developed to address this finding have now been implemented. Inspection of a sample of active field sites did not identify any examples of missing or inadequate spill kits, other than 1 isolated situation where a spill kit was missing a gray pad. **NC closed.**

#### **Status of opportunities for improvement from previous audits**

- **2265.09-OFI-A2-01; 2265.10/2265.23-OFI-A1-01** (lack of an effectiveness monitoring program in relation to the indicators and targets included in the Vanderhoof and Fort St. James SFM plans) – There has been no action towards addressing this OFI since it was identified during the 2009 audit. Although there is no explicit requirement for an effectiveness monitoring program in CSA Z809-02, the absence of such a program has the potential to undermine the organization's commitment to continual improvement. **OFI remains open.**
- **2265.09-OFI-RR-02; 2265.10/2265.23-OFI-A2-02** (review of the effectiveness of corrective and preventive actions) – The July 28, 2010 TSN management review identified this as an action item for the 2011 management review. However, review of the record of the August 24, 2011 management review found that this issue has yet to be adequately addressed. In addition, review of the minutes of the August 31, 2011 TSN Certification Committee meeting found that this issue was again deferred to the next meeting, and a new due date of January 1, 2012 was assigned. The requirement to review the effectiveness of corrective and preventive actions is a specific requirement of the ISO 14001 standard under element 4.5.3). **As a result of the operation's lack of progress towards addressing this issue, it has now been closed and replaced with a minor NC.** See TSN-2011-NC-01 later in this report.
- **2265.09-A1; 2265.10/2265.23-RR-OFI-01** (lack of a formal EMS process to conduct follow-up inspections where the final inspection indicates that it is not possible to determine whether all requirements have been met, e.g., due to the presence of snow at the time of the inspection) – No recurrence of the issues that gave rise to this OFI were noted during the 2011 audit. **OFI closed.**
- **2265.09-A1; 2265.10/2265.23-RR-OFI-02** (weaknesses in various Vanderhoof SFM plan VOITs) – A number of the weaknesses in the Vanderhoof SFM plan VOITs have been addressed through the removal of the applicable VOITs from the November 2010 version of the plan. However, some of the remaining VOITs retain the weaknesses that were identified during the 2009 audit. These include:
  - Indicator 2 (late seral forest) – The LLOWG continues to track the percent of late seral forest by NDU in accordance with the PG Biodiversity Order. The results are then used in the SFM plan annual report to communicate performance in relation to the targets that have been set in relation to this indicator. However, a significant proportion of the DFA is covered by dead pure and pine-leading stands that continue to deteriorate. Many of these stands may now no longer retain many of the attributes of old and mature forest, which brings into question the utility of the current forest inventory as a means to monitor performance under this indicator.
  - Indicator 12 (coarse woody debris) – the current target to retain 4 or more logs per hectare as CWD is drawn directly from government regulation and has no scientific basis.
  - Indicator 18 (residual fibre) – In 2009/10, 19% of the blocks harvested had a portion of the residual volume utilized or left onblock to contribute to other values. However, the target

in the SFM plan is only 5% and is considerably below current practice. **OFI remains open.**

- **2265.09-A1; 2265.10/2265.23-RR-OFI-03** (Vanderhoof PAG member satisfaction) – Review of the most recent PAG member satisfaction survey found that the applicable SFM plan target had been met. In addition, PAG member responses to the KPMG PRI questionnaire that was sent out as part of the 2011 audit did not identify any issues related to PAG member satisfaction with the public participation process. **OFI closed.**
- **TSN-2010-OFI-01** (lack of coordinated landscape level planning by the licensees operating in the Prince George TSA) – In April 2011 the MFLNRO sent a follow-up response to the Forest Practices Board (FPB) regarding the 2009 FPB report (FPB/SR/35) on biodiversity conservation during salvage logging in the central interior of B.C. The letter outlined the results of a review of the circumstances that gave rise to the Board’s findings. However, although it provides additional insight into the circumstances surrounding this issue, it did not outline a clear strategy to enable coordinated landscape level planning by all of the licensees operating in the areas (including the Prince George TSA) to which the FPB report applies. As a result, this **OFI remains open.**
- **TSN-2010-OFI-02** (failure by some LPCs to conduct the self-inspections required under the BCTS EMS) – Inspection of a sample of field sites did not identify any situations where the LPC had failed to complete the required self-inspection. **OFI closed.**
- **TSN-2010-OFI-03** (isolated weakness in relation to the failure by 1 LPC to ensure that the required documents (e.g., pre-work form, ERP, etc.) were onsite) – Inspection of a sample of active field sites found only 1 instance of a missing EMS field booklet. **OFI closed.**
- **TSN-2010-OFI-04** (lack of evidence to demonstrate that fire extinguishers have been maintained in good working order) – The previous requirement for an annual inspection of fire extinguishers is no longer a requirement under EFP 06 (Fuel Handling Environmental Field Procedure). It is now included in the procedure in the “Information” column as a best practice. Although inspection of a sample of fire extinguishers during the audit identified a number that did not bear a tag indicating the date of last inspection, all appeared to be adequately charged and in good working order. **OFI closed.**
- **TSN-2010-OFI-05** (lack of clear strategies to achieve the landscape level biodiversity targets (old forest, old interior forest and young patch size distribution) included in the Fort St. James SFM plan) – Although work is underway to revise the Fort St. James SFM plan to address the requirements of CSA Z089-08, the revised plan (which may address this OFI) is not expected to be complete until early 2012. **OFI remains open.**
- **TSN-2010-OFI-06** (inadequate sediment control features in relation to a recently-installed arch culvert at 24.5 km on the Sutherland FSR) – Interview evidence suggests that the site has now been stabilized through grass seeding. However, no formal inspection of the site documenting the effectiveness of the work could be produced at the time of the audit. **OFI remains open.**

## Major non-conformities

No major non-conformities were identified during the audit.

## Minor non-conformities

The following 2 minor non-conformities were identified during the audit:

1. **Minor non-conformity: TSN-2011-NC-01**

**Standard/Element(s): ISO 14001: 4.5.3 Non-Conformance and Corrective and Preventive Action**

**CSA Z809: 7.5.2 Non-Conformance and Corrective and Preventive Action**

**Client Procedure: EMS Manual Section 14**

**Applicability: Stuart-Nechako Business Area**

ISO 14001 element 4.5.3 includes a requirement to periodically review the effectiveness of corrective and preventive actions. This requirement is reiterated in section 14 of the BCTS EMS manual, which assigns the responsibility for this task to the local Business Area EMS Committee. However, The Stuart-Nechako Business Area has yet to develop and implement a process for conducting the required periodic review of the effectiveness of corrective and preventive actions.

NB: As noted in the follow-up comments to 2265.09-OFI-RR-02; 2265.10/2265.23-OFI-A2-02 that appear earlier in this report, the July 28, 2010 TSN management review identified this as an action item for the July 2011 management review. However, review of the record of the August 24, 2011 management review found that this issue has yet to be adequately addressed. In addition, review of the minutes of August 31, 2011 TSN Certification Committee meeting found that this issue was again deferred to the next meeting, and a new due date of January 1, 2012 was assigned. Due to prolonged inattention to this issue by the Stuart-Nechako Business Area, 2265.09-OFI-RR-02; 2265.10/2265.23-OFI-A2-02 has been closed and replaced with minor non-conformity TSN-2011-01.

2. **Minor non-conformity: TSN-2011-NC-02**

**Standard/Element(s): ISO 14001: 4.4.7 Emergency Preparedness and Response**

**CSA Z809: 7.4.7 Emergency Preparedness and Response**

**Client Procedure: BCTS Environmental Emergency Response Plan Template**

**Applicability: Vanderhoof DFA**

Section 6 of the BC Wildfire Regulation requires that, between March 1<sup>st</sup> and October 31<sup>st</sup>, if there is a risk of a fire starting or spreading and the area is not under snow, a person carrying out a high risk activity on or within 300 m of forest land or grass land must:

- a. Do so in accordance with the applicable restriction and duration set out in Schedule 3 for the Fire Danger Class, and;
- b. Keep at the activity site:
  - i. Fire fighting hand tools, in a combination and type to properly equip each person who works at the site with a minimum of one fire fighting hand tool, and;
  - ii. An adequate fire suppression system.

These requirements are also specified in the BCTS Environmental Emergency Response Plan Template, which LPCs are required to complete and retain on-site during active operations.

Review of the fire danger class for Fort St. James and Vanderhoof on October 26, 2011 found that it was rated as 3 (moderate). However, field inspection of an active Timber Sale (A84413) on that date found that: (1) the site was not under snow, and (2) the fire suppression system required under the Wildfire Regulation and BCTS EMS was not present.

## Opportunities for improvement

The following 3 opportunities for improvement were identified during the audit:

1. **Opportunity for improvement: TSN-2011-OFI-01**

**Standard/Element(s):** ISO 14001: NA  
CSA Z809: 7.3.6.1 Setting DFA-Specific Performance Requirements - General

**Client Procedure:** Vanderhoof and Fort St. James SFM plans, VOITs and Related Strategies for their Achievement

**Applicability:** Entire Business Area

CSA Z809 element 7.3.1 includes a requirement to designate a clearly defined forest area (DFA) to which the standard applies.

Carrier Lumber recently withdrew as a signatory to the Fort St. James SFM plan following a decision to drop its CSA Z809 certification in favour of certification to the SFI standard. However, review of the text of the current Fort St. James SFM plan (Version 3.7 dated February 2010) found that it has yet to be revised to exclude Carrier Lumber's operating area from the definition of the DFA.

2. **Opportunity for improvement: TSN-2011-OFI-02**

**Standard/Element(s):** ISO 14001: 4.4.5 Document Control  
CSA Z809: 7.4.5 Document Control

**Client Procedure:** EMS Manual Section 10

**Applicability:** Fort St. James

Section 10 of the BCTS EMS Manual outlines procedures for document control, including those designed to ensure that current versions of applicable controlled documents are available on active field sites. However, although the implementation of documentation control procedures was found to be adequate in most respects, inspection of a sample of active field sites noted 3 locations in the Fort St. James DFA (A87475, A86644, MSP Block 8051) where both current and outdated versions of the EMS field booklet were present. In addition, one instance was noted (A86644, DNT) where there was no EMS field booklet on site.

3. **Opportunity for improvement: TSN-2011-OFI-03**

**Standard/Element(s):** ISO 14001: 4.5.1 Monitoring and Measurement  
CSA Z809: 7.4.5 Monitoring and Measurement

**Client Procedure:** EOP-02 – LPC Operations

**Applicability:** Stuart-Nechako Business Area

EOP-02 requires BCTS to conduct project monitoring and inspections at a frequency according to the risk rating of the project. Observations at a number of active and non-active field sites found that the required risk-rated inspections had been completed both by BCTS staff and by LPCs. However, there appears to be a weakness in the planning and reporting of preworks and inspections (particularly final inspections). A new Certifications Module to address these planning needs was implemented in February 2011, but it is apparent that inputs to the module are not always being achieved as per training. This directly impacts timelines for SFM and EMS reporting, as annual reporting on several of the Vanderhoof and Fort St. James SFM plan indicators relies on information that is drawn from the final inspections for the Timber Sales that were logged during the reporting year.

## **Audit conclusions**

The audit found that BCTS Stuart-Nechako's sustainable forest management system:

- Was in full conformance with the CSA Z809 requirements included within 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 Operation's environmental and SFM policy, provided that the system continues to be implemented and maintained as required.

As a result, a decision has been reached by the lead auditor to recommend that BCTS Stuart-Nechako continue to be registered to the CSA Z809 standard.

Once we have received and approved any required corrective action plans, the CSA Z809 re-certification file will be subject to a KPMG Independent Technical Review as required by our accreditation. Provided the Independent Technical Reviewer approves the recommendation, BCTS Stuart-Nechako will receive a replacement CSA Z809-02 certificate of registration in approximately 4 weeks from the date of corrective action plan approval.

NB: Nothing has come to our attention during this assessment that would individually preclude a recommendation for continued registration of the BCTS multi-site EMS to the ISO 14001 standard. However, provincial level conclusions regarding conformance with the ISO 14001 standard cannot be made until the results of this assessment are consolidated with those of the other business units being sampled as part of the 2011/12 multi-site ISO 14001 surveillance audit.

NB: Our assessment by its nature is a sample and is not intended to be as comprehensive as your internal audit. It is possible for nonconforming issues to remain undetected. Our next assessment will verify that your internal audits have continued to operate as the primary mechanism to ensure that your management system remains effectively implemented and continues to improve.

## **E. Corrective Action Plans**

Written corrective action plans that are designed to address the root causes of all identified non-conformities are required within 30 days of the closing meeting. These will be reviewed by KPMG PRI for adequacy, and either approved or returned for revision.

A template for BCTS Stuart-Nechako to develop the required corrective action plans will be provided to you for this purpose. Please complete the appropriate section of this template and e-mail your proposed corrective actions to the KPMG PRI lead auditor for review.

## **F. Focus Areas for Next Audit Visit**

The following issues/potential concerns have been identified as focus areas for the next audit visit:

1. Completion of action plans developed to address the open findings from previous BCTS Stuart-Nechako ISO 14001 and CSA Z809 audits conducted by KPMG PRI.
2. Revision of the Vanderhoof and Fort St. James SFM plans to address the incremental requirements of CSA Z809-08.
3. All CSA Z089-02 certificates expire as of May 31, 2013. As a result, the fall 2012 BCTS Stuart-Nechako audit will have to include a full-scope re-certification audit against the requirements of CSA Z809-08.
4. The 2012 audit will include a review of the impact of recent staffing changes at the operation (e.g., departure of the previous TSM and CSO) on the continued effectiveness of the EMS.