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2501 – 14th Avenue
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October 16 2009

Dear Darcie and Dave:

Re: 2009 Second Periodic Assessment Plan for BCTS - Okanagan-Columbia Business Area

- **CSA-Z809 Surveillance Assessment (Okanagan DFA)**
- **SFI Surveillance Assessment (Columbia Forest District)**

Our CSA and SFI 2009 Second Periodic Assessment Audit Report for BCTS - Okanagan-Columbia Business Area is attached. The report documents the results of the audit that took place during the period October 14-16, 2009.

We value the ongoing working relationship that we have with BCTS - Okanagan-Columbia Business Area, 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 truly,

Gregor Macintosh RPF, CEA(SFM)
KPMG PRI

Enc: CSA and SFI Surveillance Audit Report for BCTS - Okanagan-Columbia Business Area



**CSA Z809 and SFI
Second Periodic Assessment Report for
BCTS - Okanagan-Columbia Business Area**

October 16, 2009

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A. Client Information

Client Name:	BCTS - Okanagan-Columbia Business Area
Audit Criteria:	CSA Z809-02 SFI 2005-2009
Scope of Registration:	CSA Z809: B.C. Timber Sales – Okanagan-Columbia Business Area’s operations and responsibilities under the Okanagan Sustainable Forest Management Plan within the Okanagan Defined Forest Area. SFI: BCTS sustainable forest management planning and practices in the Revelstoke TSA, Golden TSA, TFL 23, TFL 55 and TFL 56.
Client Representative:	Darcie Annesley, Certification Standards Officer Dave Gill, Planning Forester
Assessment Number:	CSA-Z809: #2276.26 SFI: #PRI-SFIS-028

B. Document Review Findings

This was a limited scope surveillance audit against selected elements of the CSA Z809 and SFI standards. As such, no formal document review was required in advance of the audit.

C. Audit Details

Type of Audit:	Second Periodic Assessment
Dates of Surveillance Audit:	October 14-16, 2009
Date of Next Assessment:	Summer 2010
Audit team:	Lead auditor: Gregor Macintosh Audit team members: Mike Alexander
Audit Report Distribution:	BCTS - Okanagan-Columbia Business Area KPMG PRI audit files SFI Inc.
Audit objective(s):	The objectives of the audit was to evaluate the environmental and sustainable forest management system at BCTS - Okanagan-Columbia Business Area, its implementation, effectiveness and conformance with the requirements of CSA Z809 and SFI. These objectives were met.

<p>Audit scope:</p>	<p>The scope of the audit included: The elements of CSA Z809 and SFI outlined in the audit plan. Activities conducted under the Company’s management system during the period February 12 2009 – October 13 2009. Visits to the following BCTS TOC operations: Site 1. Coldwater operating area Site 2. Mt. Ida operating area Site 3. Barton operating area Site 4. Blanket Creek operating area Site 5. Wetask operating area Site 6. Eagle Pass FSR</p>
<p>Audit sample size:</p>	<p>Number of field activities assessed during the audit: Road Deact.: 1 Planting: 8 Surveys : 9 Site Prep (Mechanical): 1 Site Preparation (Chemical): 3 Brushing: 2</p>

D. Audit Findings

Good Practices

The following good practices were noted during the audit:

1. Excellent work to protect scenic values and to maintain the recreational mountain bike trail through A56123 (K1Y5) while conducting harvesting operations designed to control a fir bark beetle infestation on a highly visible location near Revelstoke.
2. Completion of the “Plants and Ecosystems at Risk in the BCTS Okanagan Columbia Business Area.” database. This database is used by Planning Foresters to identify Red & Blue Listed plants and plant communities.
3. Economic analysis of the cost of achieving FG status for several units in the Mt. Ida operating area impacted by the 1998 Silver Creek fire.

Follow-up on open non-conformities from previous audits

At the time of this assessment there was open minor non-conformance from previous audits. The audit team reviewed the implementation of the action plans developed by BCTS - Okanagan-Columbia Business Area to address the non-conformance, and found that they had been effectively implemented. As a result, the non-conformance identified during previous audits has now been closed.

Non-conformities

The audit did not identify any non-conformances were identified during the audit with respect to the SFI 2005-2009 and CSA Z809-2002 standards.

Opportunities for improvement

The following opportunities for improvement were identified during the audit:

- Opportunity for improvement:** 2265.26/PRI-SFIS-028-OFI-A1-01
Standard/Element(s): CSA Z809 7.6 / SFI Objective 13

Client Procedure: Management Review

The audit identified the following isolated example of weakness in BCTS - Okanagan-Columbia Business Area's management review process:

- While the Jul 09 EMS Committee did review EMS related issues it does not record if there was any discussion regarding SFM system performance nor does it address the status of the corrective action from the February 2009 external audit.

- Opportunity for improvement:** 2265.26/PRI-SFIS-028-OFI-A2-02
Standard/Element(s): CSA Z809 7.4.6 / SFI Objective 2

Client Procedure: Reforestation

The field audit observed several blocks in the Coldstream operating area exhibiting seedling damage by cattle.

Audit conclusions

The audit found that BCTS - Okanagan-Columbia Business Area's environmental and sustainable forest management system:

- Was in full conformance with the requirements of the CSA Z809 and SFI 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 BCTS TOC 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 audit team to recommend that BCTS - Okanagan-Columbia Business Area continue to be registered to the CSA Z809 and SFI standards.

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 are not required as the audit did not identify any findings of non-conformance.

F. Focus Areas for Next Audit Visit

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

1. Examples of TSLs where RED listed species (as identified using the SAR database) are being accommodated for in management strategies.
2. Programs for the control of invasive plants.