

Michigan Department of Natural Resources & Environment

Management Review Report

February 3, 2010

DNRE Management Review Field Meeting

February 3, 2010

Agenda

I. Background

Management review process – how, why, expectations, time line, etc.....	3
Forth Annual Surveillance Audit.....	5
External Audit Results.....	6
Statewide non-conformances from 2009 internal audits	10

II. Decision Items -Audit response for each functional program area.

1. Clarify the scope of certification	11
2. Management Review	11
3. ORV Program.....	12
4. Planning.....	12
5. Biodiversity Guidance	13
6. DNRE Approval Process for Intrusive Activity	14
7. BMPs and RDRs	15
8. Research	15
9. Timber Sale Program.....	15
10. Staff Training	16
11. Forest Regeneration.....	16
12. Roads and Road Closures.....	16
13. Invasive Exotics	16
14. Tribal	17
15. Chemical Use	17
16. Work Instruction Revisions.....	17
Appendix A – Statewide Non-conformance Reports.....	19
Appendix B – DNRE Internal Audit Process and Procedures	22
Appendix C – Status of Internal Audit NCRs.....	30

Management Review Participants:

FMD: Field Coordinators Mike Paluda & Bill O’Neill
UP and NLP District Supervisors Tom Haxby (for Roger Hoeksema), Debbie Begalle,
Dayle Garlock
Forest Resource Management Section Leader Bill Sterrett
Forest Planning and Operations Unit Leader Larry Pedersen
Forest Certification Specialist Dennis Nezich

WLD: Assistant Division Chief Doug Reeves
UP and NLP Management Unit Supervisors Terry Minzey, Doug Wagner (for Bob Doepker),
Tim Reis, Larry Visser, Rex Ainslie

LED: Lt. Tim Robson

FSHD: Basin Coordinator Steve Scott

PRB Representative: District Supervisor Gary Ellenwood

I Background

A. SFIS Objective for Management Review and Continual Improvement

FSC Objective 13. To promote continual improvement in the practice of *sustainable forestry* and monitor, measure, and report performance in achieving the commitment to *sustainable forestry*.

SFI Performance Measure 13.1. *Program Participants* shall establish a management review system to examine findings and progress in implementing the SFI Standard, to make appropriate improvements in *programs*, and to inform their employees of changes.

DNRE Management Review Process

Work instruction 1.2 establishes the Management Review process for continual improvement in the management of our Forest Resources. The purpose of the Management Review is to establish a systematic process for gathering information regarding improvement in forest management practices. The review includes a report of the previous year's implementation efforts to management and a formal management review meeting. The annual management review will evaluate audit results for state forest operations, evaluate effectiveness of work instructions and non-conformances, and determine changes and improvements necessary for continued conformance.

Focus of Management Review Meeting:

Make management decisions to implement in upcoming year to do the following:

- a. Clear the SFI and FSC Corrective Action Requests (CARs) and implement DNRE corrective action responses.
- b. Clear Statewide internal audit non-conformances identified in internal audits.
- c. Review pending actions decided at previous Management Review and not fully implemented.
- d. Review open NCRs from past internal audits.
- e. Identify needed revisions to work instructions.
- f. Identify other actions for continual improvement in management.

External Audits:

In 2004, as part of a strategy to retain forest-based jobs and assure forest sustainability, Governor Jennifer M. Granholm directed the DNR to pursue certification. In May 2004, the Legislature passed the Sustainable Forestry Act that requires forest certification of the 3.9 million acres of the state forest system. Michigan's state forest system was accredited in December 2005 under two forest certification standards that promote long-term sustainable forest management, the Sustainable Forestry Initiative (SFI) and Forest Stewardship Council (FSC).

Annual SFI and FSC surveillance audits are required in order to maintain certification status. In 2009, the fourth annual SFI and FSC joint surveillance audit was conducted in late October. Four Forest Management Units were visited including Roscommon, Pigeon River Country, Baraga, and Gwinn. Details of the external audit are provided on the next page. In summary, all five Corrective Action Requests (CARs) from the previous surveillance audit were closed, and five new CARs were issued, four of them in follow-up to the closed CARs from the previous year

DNRE Internal Audits:

DNRE Work Instruction 1.2 specifies that four internal audits be conducted annually. The Forest Management Units selected at the 2009 Management Review were Gwinn, Newberry, Pigeon River Country, and Cadillac. Due to budget cutbacks and related management issues, the Newberry internal audit was cancelled.

Based upon audit results, DNR lead auditors identified three “statewide” non-conformances (see Appendix B) that require focused attention during the 2010 Management Review.

Implementing Program Improvements:

1. Whenever possible, immediate changes will be made to remedy identified non-conformances.
2. The Forest Certification Team (FCT) will be responsible for ongoing management review of implementation and for recommending actions necessary to improve sustainable management of forest resources.
3. Division Management Teams will review decisions.
4. The Statewide Council (SWC) will review and approve management review decisions that identify changes and improvements necessary at all Department levels to continually improve conformance with work instructions.
5. Division Chiefs will ensure changes and improvements approved by the Statewide Council are implemented via written communication to employees.

Recommended time line for review of Management Review Report (MRR) and proposed Work Instruction (WI) revisions:

- a) The three Field Coordinators agree on a revised and final Management Review Report which will be forwarded to the FMD, WLD, FSHD, LED, and PRB Management Teams by Feb 16, 2010.
- b) Management Team comments on MRR due March 15, 2010 to Bill O’Neill who will review with the FCT Executive Committee.
- c) Send MRR and proposed WI revisions to Statewide Council for information by March 31, 2010, with approval desired by May 5, 2010.
- d) FMD and WLD District supervisors and Fisheries Division Unit Managers will ensure implementation of management review decisions following approval by SWC.

Recertification:

This was the Departments sixth audit (including the original scoping and initial certification audit) and the next 12 months will be the last year of the 5-year certification cycle. The department is currently developing a Request for Proposals (RFP) for the next 5-year cycle. Our current certifiers, NSF-ISR and SCS, may or may not be awarded the contract.

Fourth Annual Forest Certification Surveillance Audit:

(effective January, 2010 DNR became DNRE)

This year's audit was held in the Northern Lower Peninsula and Western Upper Peninsula on October 27-29, 2009. The Forest Management Units which auditors selected to visit included Roscommon, Pigeon River Country, Baraga, and Gwinn.

The audit team included Mike Ferrucci, SFI lead auditor, and Dr. Robert Hrubes, FSC lead auditor. Dennis Nezich, Larry Pedersen, Penney Melchoir, Bill Sterrett, and either Bill O'Neill or Mike Paluda accompanied the audit team all three days. The auditors and these DNR staff that shadowed the auditors were provided a binder containing all pertinent documents addressing outstanding Corrective Action Requests and selected FSC Recommendations and SFI Opportunities for Improvement.

The FSC Program focused on assessment of the status of outstanding corrective action requests issued in 2008, and on assessment of field operations against selected portions of the FSC Lake States Standard. The portions of the FSC Standard that received particular attention included criterion and indicators related to DNR monitoring activity (meeting plan objectives), benefits from the forest (sustainable harvest levels), and tribal relations.

The SFI Program focused on verification of effective implementation of the corrective action plan from the previous SFI audit. In addition, there was a special focus on SFI performance measures and indicators relating to chemical use, legal compliance, and promoting Sustainable Forest Management.

Additionally, the SFI and FSC auditors closely reviewed changes within DNR (e.g., staffing, budget, land acquisitions, planning documents) that are pertinent to certification.

The first day of the audit straddled two Forest Management Units, with Mike Ferrucci at the Roscommon FMU and Dr. Robert Hrubes at the Pigeon River Country FMU. The audit began with an opening session from 8 am to 10:00 am with the Department providing an overview of corrective actions implemented to address the 2008 Corrective Action Requests (CARs). This was accomplished by a combination of face-to-face meeting at the Pigeon River Country FMU Headquarters and Roscommon OSC, with conference calls linking those two offices plus various other DNR staff in Marquette and Lansing.

DNR staff involved in opening session presentations were: Lynne Boyd (FMFM Chief), Mike Paluda (FMFM), David Price (FMFM), Dennis Nezich (FMFM), Cara Boucher (FMFM), Dave Neumann (FMFM), Dayle Garlock (FMFM), Bill Sterrett (FMFM), Larry Pedersen (FMFM), Bill O'Neill (FMFM), Steve Scott (FD), Steve DeBrabander (FMFM), and Penney Melchoir (WD).

After the two hour opening session, both auditors meet with field staff for a roughly one hour overview of District and FMU operations (Dr. Robert Hrubes at PRC FMU, and Mike Ferrucci at the Roscommon FMU). Following the overview, the auditors made final adjustments to their field itinerary and began the field tours. The tour on the PRC focused on management activities along natural river corridors, timber sales (oak, jack pine, and hardwood), campground maintenance, elk viewing areas, sink hole lakes, resource damage reports, and a large Biodiversity Stewardship area (BSA). The Roscommon tour focused on timber sale contracts, maintenance of recreational facilities next to or within timber sales, ORV restoration sites, within-stand retention, and state forest planning.

The second day (October 28th) both teams were at the Baraga FMU. The day began with the office overview by FMU and District staff from FMFM, WLD, LED, Fisheries Divisions. Much of the morning discussion focused on: definitions of forest roads, ecoregional planning efforts, core design team efforts, the BCCP process, management of BSAs, tribal nation collaboration, partnerships with other agencies (USFS), RDR and FC training, the timber harvest planning process, and initiatives for managing cooperatively with other states (i.e. Wisconsin). The group then broke into two groups for the field visits, focusing on: upland hardwood management, jack pine harvest and regeneration, aspen management, mixed stand management, within-stand retention, recreation facilities (campgrounds, ORV trails), RDRs, the BCPP process, old growth vs. SCA/HCVA/ERAs, and monitoring. At the “closing” session of the day both auditors stated that the day was “uneventful” and no issues were raised.

The third day (October 29th) found the team at the Gwinn FMU. The day began with the office overview which focused on: Regional State Forest Planning, decision-making process for the BSA program, management implications for BSAs, tribal efforts/coordination, mesic conifer initiative, the management area planning process, and the Kennecott Mine project. The auditors remained together during the field tour which focused on: timber management, within-stand retention guidelines, draft biomass guidelines, management of a proposed BSA site, RDRs, and a visit to the unit’s first biofuels chipping operation. Questions focused on the BCPP process, planning efforts, and regeneration/monitoring activities.

Audit Results:

The audit came to a close with the group attending the closing session at the Gwinn Field Office (also included a conference call with Lansing, Marquette, and Escanaba). Dr. Robert Hrubes and Mr. Mike Ferrucci thanked Department staff and commended the department on doing an excellent job managing the resources of the State. They stated that continued SFI and FSC certification is fully warranted. The findings of the 2009 audit are as follows:

Disposition of CARs issued in October 2008:

There were four FSC CARs and one SFI CAR issued during last year’s surveillance audit. All five CARs were cleared, although there will be some follow-up actions required in the upcoming year. The CARs issued last year, and brief comments regarding status follow:

- **SFI CAR 2008.1 & FSC CAR 2008.2** - Both CARs involved issues related to Drummond Island ORV use and applicable standards for routes associated with standing water and mud bogs.

The auditors felt the department provided a robust response to the CARs through development of the “Drummond Island Work Group Summary and ORV Route Proposal” which had stakeholder and cross divisional support. Additionally, a working group defined acceptable conditions for designating off-road vehicle (ORV) routes on Drummond Island roads that may not meet the definition of a forest road. Both CARs were cleared. There will be follow-up CARs issued.

- **FSC CAR 2008.1** – Progress in the Biodiversity Conservation Planning Process (BCPP) and adequate resources to support three key planning initiatives (BCPP, Regional State Forest Management Plans (RSFMP), Eco-Regional plans).

The auditors were favorably impressed with the ongoing biodiversity and planning efforts. The dedication of sufficient staff resources to complete the BCPP and the RSFMPs at the earliest possible time, and in the face of declining resources, was noteworthy. This CAR will be closed. However, there will be a new minor FSC CAR and a new minor SFI CAR issued to follow-up on these efforts and to narrow the focus.

○ **FSC CAR 2008.3** - Scope of Certification

The auditors felt the Department satisfactorily clarified for DNR staff which State Game and Wildlife Management Units are within the scope of certification. This CAR will be closed.

○ **FSC CAR 2008.4** - Internal Audit Process

This CAR dealt with the clarification of the internal audit process and the assurance that non-conformances issued during internal DNR audits are addressed and closed. The auditor felt the Department has an exemplary, top notch system. The CAR will be closed.

New FSC Corrective Action Requests and Recommendations:

Observation: Note: this is a follow-on observation pertaining to the issues addressed in CAR 2008.1 which was closed during the October 2009 annual surveillance audit.	
The Biodiversity Conservation Planning Process (BCPP) remains a critical link in the Department’s multifaceted large-scale, strategic planning initiative. As such, timely completion of the BCPP remains of high importance. An important element of the BCPP is to articulate those activities within delineated Biodiversity Stewardship Areas that are considered to be compatible with the underlying conservation objectives for BSA’s. Without this guidance, the planning teams are unable to complete the BSA delineation process. This requires the specification of field level and planning level guidance on compatible (allowed) uses in BSA’s.	
CAR 2009.1	DNR must develop and implement field level and planning level guidance as to what land use activities are considered acceptable within designated Biodiversity Stewardship Areas; that is, activities that are deemed compatible with the underlying biodiversity conservation objectives.
Deadline	June 15, 2010
Reference	<i>FSC Criterion/Indicator 7.1.a.1</i>

Observation: Note: this is a follow-on observation pertaining to the issues addressed in CAR 2008.2 which as closed during the October 2009 annual surveillance audit.	
In response to CAR 2008.2, the DNR established a standards committee (headed up by Steve DeBrabander) that developed ORV Route standards for application to Drummond Island. The limited scope of application is not fully responsive to CAR 2008.2 and necessitates this follow-on CAR. While ORV issues, and lack of clarity regarding ORV Route designations, were addressed on Drummond Island, the issues may occur in the future in other locations in the State Forest system.	
CAR 2009.2	Written assurance, endorsed by the FMFM Chief, must be provided to SCS that, in the future event DNR were to provide motorized recreational use opportunities, such as those found on Drummond Island, elsewhere within the State Forest system, that the standards established for Drummond Island (in response to CAR 2008.2) would apply.
Deadline	March 15, 2010
Reference	<i>FSC Criterion/Indicator 1.1.a, 2.2.a, and 2.2.b</i>

Observation: During the discussions held at the Pigeon River Country state forest unit, it was revealed that DNR managers as well as share croppers are deploying GMO corn on state forest property for the purpose of establishing wildlife feed plots (in the case of DNR deployment). The lead auditor pointed out to the attendees at this discussion that use of GMO plant materials on FSC-certified forests is prohibited. DNR field personnel were not aware of this requirement and central office personnel were not aware of the use of GMO corn by field staff.	
CAR 2009.3	DNR must rectify the non-conformance with FSC Criterion 6.8 by either ceasing use of GMO plant materials on all lands “within scope” or take actions that will excise those lands on which GMOs are used from within the scope of their FSC certification. In selecting which option to pursue, DNR personnel should consult with personnel from the Wisconsin and Minnesota Departments of Natural Resources as this same issue has previously arisen in those states.
Deadline	April 15, 2010
Reference	<i>FSC Criterion 6.8</i>

Observation: The DNR has established within-stand retention policy for regeneration harvests. Currently, the DNR is also developing Michigan Woody Biomass Retention guidelines (a draft version existed at the time of the 2009 surveillance audit). DNR is presently unable to assure the auditors that the within-stand retention policy, if properly followed, will lead to compliance with the draft biomass retention guidelines.	
REC 2009.1	DNR should conduct an analysis to determine if the within-stand retention policy is fully compatible with (insures compliance with) the draft Michigan Woody Biomass Retention Guidelines.
Reference	<i>FSC Criterion 6.3, Regional Indicator 6.3.a.5.</i>

New SFI Corrective Action Requests, Opportunities for Improvement, and Positive Practices:

The NSF-ISR SFI Certification Audit Team issued two new minor non-conformances:

SFI-2009-01: Indicator 1.1.1 requires “A long-term resource analysis to guide forest management planning at a level appropriate to the size and scale of the operation, including: ... (items a through e are in full conformance) ...f. recommended sustainable harvest levels; and g. a review of nontimber issues.”

There is a need to make more tangible progress on developing consensus strategic management direction for each of the management areas that comprise the core of the Regional State Forest Management Plans.

SFI-2009-02: Indicator 3.2.5 states “Where regulations or BMPs do not currently exist to protect riparian areas, use of experts to identify appropriate protection measures.”

BMPs or standards for ORV Routes that ensure environmental protections (while offering the desired recreational experience) have been developed for Drummond Island but are not in place for the rest of the state forests.

Two opportunities for improvement were also identified:

SFI OFI-2009-01: There is an opportunity to improve the system to distribute information within the organization regarding informal silvicultural trials and other “adaptive management” approaches.

(SFI Indicator 4.2.2: “A methodology to incorporate research results and field applications of biodiversity and ecosystem research into forest management decisions.”)

SFI OFI-2009-02: There is an opportunity to improve the application of stand level retention by more commonly considering leaving large, decadent aspen and/or large spruce.

(SFI Indicator 4.1.4: “Development and implementation of criteria, as guided by regionally appropriate science, for retention of stand-level wildlife habitat elements.”)

Positive Practices in the Michigan State Forest System

The sustainable forestry program of the Michigan DNR has many clear strengths which factored strongly into the finding of continuing conformance with the certification requirements. The audit found that the department’s SFI program continues to excel with respect to the requirements of the SFI Standard 2005-2009 in the following areas:

- Assignment of certification responsibilities within the DNR (e.g. work instructions and the regular Forest Certification Updates provided to staff);
- Harvest levels can clearly be sustained and are consistent with overall goals;
- No exotic species are planted, and extensive efforts are made to remove exotic invasive plant species;
- The forest health and protection programs for Integrated Pest Management;
- Protection of rare, threatened, or endangered species and of rare and sensitive habitat types;
- Public recreation opportunities; and
- Internal audit processes, including systematic follow-up and comprehensive management review.

Statewide non-conformances from the 2009 internal audits (see Appendix A for internal audit process and Appendix B for statewide internal audit non-conformance reports)

Statewide Internal Audit (IA) non-conformances are defined as non-conformances that appear in the majority of the three internal audits conducted in 2009, and which lead auditors and the Forest Certification Specialist confirm as being widespread and systemic in nature. Local or unit-level non-conformances were isolated lapses of conformance with forest certification work instructions.

Non-conformance Reports (NCR) for the Statewide non-conformances were drafted by the Forest Certification Specialist in consultation with lead auditors. These NCRs identify root causes and propose corrective actions to clear these non-conformances. The FCT reviewed these draft NCRs, and approved a final version for consideration by the Management Review Team (see Appendix B).

Summary of Internal Audit non-conformances
Bold indicates statewide non-conformance

WI	#FMUs w/NCRs	
1.1	1	Staff knowledge of WIs and of updated forms needs improvement (1).
1.2	3	Mgt review decisions not implemented per specified time frame: BSA designations (1), memo to clarify scope of certification not distributed by due date (2), Mgt Review Report not distributed prior to internal audit (1), staff not aware of management review decisions (1). Three rather than four internal audits conducted (1).
1.4	1	Comments regarding T&E species not coded in inventory stand remarks (1).
2.1	1	FTP completion reports not prepared and forest inventory not updated to reflect completed treatment (1).
2.3	2	Seed mixes being used for restoring vegetation on R-O-W and well sites include known invasive exotic species (2).
3.1	2	HAL/MNFI data base not checked for intrusive activity that was not approved at compt. review (1). FTPs not approved by TMS (1). Forest Inventory data base not updated following treatment (1). Approvals for intrusive activity incomplete (1).
3.2	2	RDR data base not being updated (2). RDRs not being reported (2).
3.3	1	LUOD requested by FMU but not yet issued (1).
5.1	1	Research summary report not published per deadline date (1).
6.2	1	Excessive ORV damage observed and not yet addressed (1).
7.1	2	Form R 4050 not utilized for timber sale contract inspections (2); Hard hat not being worn on timber sale contract area (1); oil leaks observed on timber sale contract area (1); no documentation of SFE trained foreman and no documentation of pre-sale meeting on R 4050 (1). Not documenting variance to TS sale contract specifications (1).
8.1	1	Lansing training records not up to date (1).

II. Decisions, direction, responsibility and time lines

1. Clarify the scope of certification:

Observation: During the discussions held at the Pigeon River Country state forest unit, it was revealed that DNR managers as well as share croppers are deploying GMO (genetically modified organism) corn on state forest property for the purpose of establishing wildlife food plots (in the case of DNR deployment). The lead auditor pointed out to the attendees at this discussion that use of GMO plant materials on FSC-certified forests is prohibited. DNR field personnel were not aware of this requirement and central office personnel were not aware of the use of GMO corn by field staff.

FSC CAR 2009.3: DNR must rectify the non-conformance with FSC Criterion 6.8 by either ceasing use of GMO plant materials on all lands “within scope” or take actions that will excise those lands on which GMOs are used from within the scope of their FSC certification. In selecting which option to pursue, DNR personnel should consult with personnel from the Wisconsin and Minnesota Departments of Natural Resources as this same issue has previously arisen in those states.

Deadline: April 15, 2010

Corrective Action:

- State Forest land that is or will be planted to GMO corn, or other GMO species, must be immediately excised from scope of certification. WLD to provide a list of properties by March 31, 2010. This list to be reviewed annually by WLD to determine whether additional areas should be excised.
- Amend WI 2.3 to prohibit use of GMOs on certified property.

2. Management Review (W.I. 1.2):

- A. DNR District Supervisors must monitor implementation of internal audit corrective action plans, and report pending or continuing non-conformance at the annual management review. Open 2007 and 2008 NCRs are listed in Appendix C.

Corrective Action: Responsible Managers must take appropriate action to close pending 2007 & 2008 NCRs by June 1, 2010. Status must be reported to the Forest Certification Specialist on or before June 1, 2010.

- B. Recommended FMUs to internally audit in 2010 include:

W UP District: Escanaba

E UP District: Shingleton

E NLP District: Grayling

Note: The 2010 recertification audit will probably involve more than the usual 4 FMUs. Fewer internal audits provides more time for staff training in preparation for the recertification audit.

Recommendation: Revise Work Instruction 1.2 (see draft dated 1-4-10) to allow greater flexibility on number of internal audits to conduct annually.

3. ORV Program:

FSC CAR 2009.2: Written assurance, endorsed by the FMFM Chief, must be provided to SCS that, in the future event DNR were to provide motorized recreational use opportunities, such as those found on Drummond Island, elsewhere within the State Forest system, that the standards established for Drummond Island (in response to CAR 2008.2) would apply. Deadline March 15, 2010.

SFI CAR 2009-2: BMPs or standards for ORV Routes that ensure environmental protections (while offering the desired recreational experience) have been developed for Drummond Island but are not in place for the rest of the state forests.

Corrective Action: Michigan Soil and Water Quality guidelines apply to all state forest lands and will be followed. Areas where excessive damage to state forest lands is discovered (due to ORV or any other type of use) are routinely reported on Resource Damage Reports for corrective action. If the type of ORV Route which exists on Drummond Island is offered anywhere else in the state at some point in the future, the same standards would apply. It is recommended that the FMD Division Chief provide written assurance to SCS in this regard prior to the March 15, 2010 deadline date.

4) Planning (WI 1.3):

- A. **SFI CAR 2009-01:** There is a need to make more tangible progress on developing consensus strategic management direction for each of the management areas that comprise the core of the Regional State Forest Management Plans.

Corrective Action:

Additional assistance in the WUP is being acquired. Three sources of additional support include a 40% time re-assignment to the WUP for Mark MacKay (SLP Planner/ Ecologist), some assistance (10%) from the local habitat biologist Brian Roell, some assistance (10-25%) from the District Timber Management Specialist (Jim Ferris), and some assistance (10-25%) from David Price, the Forest Certification Planner.

Also, a new timeline with milestones and tasks for integration of BSAs into RSFMPs and timelines for completion of RSFMPs was submitted in November 2009 to the MI DNR Statewide Council for their approval and support. The milestones and tasks also address management concepts for BSAs, which are needed for RSFMPs. The milestones, tasks and timelines will accelerate public review of BSAs for each ecoregion, which are expected to be one of the most contentious components of RSFMPs.

The WUP Management Area Strategy spreadsheet presented at the Gwinn audit represents significant progress to date. Several difficult cover type issues have been resolved. Agreements* about oak, lowland conifers, hemlock, and cedar management across the ecoregion are reflected in the rotation ages and harvest plans outlined in the spreadsheet. Work is also underway to identify wildlife habitat and timber management priorities for each MA. The agreements reflected in the spreadsheet will be the basis for populating the MA descriptions/direction in section 4 of the plan.

* Note: Consensus may be a better term than agreement

B. **Continuing from 2008 and 2009:** In order to improve stakeholder notification and consultation as part of the Compartment Review Process:

- EcoTeam Chairpersons will coordinate and ensure an ecoregional contact list is updated annually, preferably before units start the public review process. The ecoregional contact list will be used by FMD Managers to update their compartment review/open house notification lists. Compartment Review open house notifications should include: county offices, township offices, members of present and/or past DNR advisory groups, local environmental groups, local sportsmen clubs/organizations, recreational organizations and groups, timber sale contractors that receive local timber sale prospectuses, tribal representatives, and persons expressing interest in receiving notices. (This will be standard among Forest Management Units (FMUs); the FMUs can add others if so desired or drop those that make the request).

Recommendation: District Supervisors to ensure conformance by FMU Unit Managers and District Planners via written direction by June 1, 2010.

- The DNR should expand its internet site so that specific locations within a county can be selected and viewed in order to determine year-of-entry of compartments. In other words, individuals can zoom in to locate an area of interest, and determine when nearby state property will be inventoried and when treatments will be prepared.

Recommendation: The Resource Assessment Unit (RAU) within FMD worked to revise the site a couple of years ago but took another look at it late last year to make more revisions. As of now this update is on hold because the Internet site as a whole is going to a new format (RAU was told sometime during first quarter of 2010). Also, given the DEQ/DNR merger, this process has been delayed. RAU will finish this WEB interface upgrade as soon as we get the go ahead from DNR WEB staff to proceed.

5) Biodiversity Guidance (WI 1.4)

A. **FSC CAR 2009.1:** DNR must develop and implement field level and planning level guidance as to what land use activities are considered acceptable within designated Biodiversity Stewardship Areas; that is, activities that are deemed compatible with the underlying biodiversity conservation objectives. *Deadline June 15, 2010*

Corrective Action:

- In December 2009, the Statewide Council (SWC) directed the development of a process for preparation of Desired Future Condition (DFC) descriptions and associated principles of management for Biodiversity Stewardship Areas (and the natural communities therein) that occur on DNRE-administered lands. This process was reviewed by the SWC in January 2010. The process directed that:
 - Ecoregional Planning staff work together to develop a single set of generic DFC descriptions for each natural community, with review by the Silviculture and Regeneration Team (S&RT) and additional field staff, as needed.

- S&RT develop silvicultural guidance from the generic DFCs (with input from additional field staff as needed) that will provide management techniques for different natural communities and, in turn, that can be adapted for use with specific BSAs. The S&RT's efforts will be limited to those natural communities that are significant from a timber resource perspective (e.g., Dry Northern Forest, Dry-Mesic Northern Forest, Mesic Northern Forest, Pine Barrens).
- The DNRE will develop guidance that describes land use and silvicultural practices that are compatible with Biodiversity Stewardship Areas located on DNRE administered lands. This guidance document will be directed for use by Ecoregional Planning Teams for development of Regional State Forest Management Plans and by other DNRE planning processes (i.e. for State Parks and State Game Areas).

Recommended target date for development of draft guidelines by the S&R Team is March 1, 2010, and approval by Statewide Council is sought by April 15, 2010

B. FSC Recommendation: DNR should conduct an analysis to determine if the within-stand retention policy is fully compatible with (insures compliance with) the draft Michigan Biomass Harvesting Guidelines.

- a. **(Continuing from 2008 and 2009):** Biomass harvesting guidelines will be developed by the FMD Forest Resource Management Section, assisted by the State Silviculturalist and Vegetative Management Team...The effort will include a review of current guidelines from other states (notably MN guidelines), working with stakeholders (including the Forest Management Advisory Committee), and providing the set of guidelines to the NRC. Completion of the guidance document is desired by July 1, 2010.
- b. The Vegetative Management Team shall update within-stand retention guidelines as necessary to comply with new woody biomass harvesting guidance. Target date for completion is October 1, 2010.

6) DNR approval process for Intrusive Activities (WI 3.1)

- **(Continuing from 2008 and 2009):** In coordination with other DNR Divisions, the FMD Forest Resource Management Section is taking the lead in developing a Department policy and procedure that clearly outlines the procedure for preparing Forest Treatment Proposals and Completion reports and the subsequent updating of forest inventory records.

Recommendation: This assignment is on hold due to project prioritization from FMD Mgt. team. There is only one application developer for internal, IT projects for FMD at this time, and other priorities have taken precedent. FTP is next on the priority list after the new Commercial Forest application. Management Review Team recommends that development begin sometime in late spring or summer, 2010.

(Continuing from 2009): Revise the Intrusive Activity Approval Procedure to take into account current procedures, including those listed in IC 4123, the Resource Assessment Procedure Checklist. It is recommended that the Forest Certification Team appoint a review team with representation from FMD, WLD, FD, LED and the Departments Tribal

Coordinator to refine the Intrusive Activity Procedure and IC 4123. This is a priority issue for the Management Review Team and prompt attention to this item is requested.

Recommendation: Membership to this committee has been selected, the first meeting was held Jan 27, 2010. Chairperson is the NLP FMD Field Coordinator. Target date for completion is June 1, 2010.

7) BMPs and RDRs (WI 3.1 & 3.2)

Statewide IA NCR # 2009-02: Not all RDRs are being entered and not all completed work is being recorded. No recent RDRs are being developed.

Corrective Action (also continuing from 2009):

- Re-emphasize recording RDRs at the Unit level by Division supervisors.
- An updated automated RDR data base was developed and is in place. FMD, WLD, FD, & LED Field Coordinators will ensure training is implemented and available to all DNR staff on how to recognize reportable resource damage sites and to clarify field protocols for reporting and tracking these sites. DNRE staff will be trained in identification of RDRs and use of the RDR reporting and tracking system by Oct 1, 2010.

8) Research (WI 5.1)

SFI OFI-2009-01: There is an opportunity to improve the system to distribute information within the organization regarding informal silvicultural trials and other “adaptive management” approaches.

(SFI Indicator 4.2.2: “A methodology to incorporate research results and field applications of biodiversity and ecosystem research into forest management decisions.”)

Corrective Action: The State Silviculturalist will work with the Vegetative Management Team and DIT (if necessary) to develop a silvicultural field experiment directory for DNRE staff by Oct 1, 2010.

9. Timber Sale Program (W.I. 7.)

Statewide NCR Number 2009-3 (also continuing Statewide NCR Number 2008-3):

Generally, staff are doing a good job of documenting their site visits, but often are not using form R-4050 as required by the work instruction.

Corrective Action:

- **(Continuing from 2008 and 2009):** District Supervisors and Field Coordinators will instruct field staff to complete form R4050 form and comply with the work instruction on reporting requirements.
- **(Continuing from 2009):** The FMD Field Coordinators appointed a committee to revisit Work Instruction 7.1 and form R4050. Proposed recommendations will be submitted to the FMD Mgt Team for review and approval.

10. Staff Training (W.I. 5.1, 1.3, 8.1)

Corrective Action (continuing from 2009- Statewide NCR Number 2008-4): The FCT recommends that revision to the work instruction occur, and it should incorporate the actual process used by each division. The Departments Training Advisory Team (TAT) and the training officers/coordinators are ideally positioned to help resolve this NCR. They are the individuals responsible for implementing training and they have an established work group already familiar with department-wide training. The TAT in coordination with the FCT may be the most logical group to redraft the WI, and the training officers/coordinators would be the best individuals to redraft their respective division's training procedures (if necessary).

The management review team agreed that the FCT will work in conjunction with the TAT to redraft WI 8.1. The TAT has submitted draft revisions to WI 8.1 (see draft dated 11-3-09).

11. Forest Regeneration (W.I. 2.1)

(Continuing from 2008 & 2009): The Cervid Herbivory Team recommends doing a risk mapping modeling effort with assistance from USDA at the national level, which will produce a statewide risk map and identify additional data needs. \$2,500 is needed to obtain assistance from the Program Manager for GIS and Spatial Analysis, USFS, Forest Health Technology Enterprise Team for 2-3 days. (MR07)

Recommendation: The FMD Forest Health, Inventory, and Monitoring Unit Leader is leading an effort to accomplish this task. No progress was made last year because appropriate USDA staff were committed to Washington-level assignment(s). DNRE continues to be interested in completing this project, and the FMD Forest Health, Inventory, and Monitoring Unit Supervisor will try to work it in this year.

12. Roads and Road Closures (W.I. 3.3)

(Continuing from 2009): Work Instruction 3.3 should be revisited to include additional detail and information in regard to the road closure process.

Recommendation: A review group was appointed by the Forest Certification Team to address this issue. Recommendations are made for revision to Work Instruction 3.3 (see draft dated 12-15-09).

13. Invasive Exotic Plants (W.I. 2.3)

Statewide NCR Number 2009-1: The seed mix being used in the FMU for "Restoring vegetation to Rights of Way and Well Sites on State Forest Land in Northern Lower Peninsula" include known invasive exotics species.

Corrective Action: The Minerals and Land Management Section Leader has convened a work group to consider the seeding requirements for disturbed soils present in the Northern Lower Peninsula and to develop seeding criteria which will accomplish the goal of stabilizing soils for future vegetative succession. This group is charged to provide recommendations for revision to Exhibit B (IC 4287, VEGETATION RESTORATION

OF RIGHTS-OF-WAY, WELL SITES, AND OTHER CLEARED SITES ON STATE FOREST LAND - NORTHERN LOWER PENNINSULA) by March 1, 2010.

Recommendation: Develop revegetation guidelines that apply to all state forest lands, and not just the Northern Lower Peninsula.

(Continuing from 2009?): The Management Review Team recommends that the pocket field guide for invasive exotic plant species produced by MNFI be rolled out to DNR field staff in order to improve awareness of the invasives issue. The FMD and WLD Management Teams should become familiar with the MNFI work on invasives and determine how to roll out related information within their respective Divisions.

Recommendation: MNFI has developed a guide that is to be printed shortly and will be distributed to field staff. In the meantime, the Forest Resource Section will pursue making the MNFI invasive field guide available on Nomads.

14. Tribal (WI 9.1)

It is recommended that the annual tribal meeting, as prescribed in work instruction 9.1, be discontinued and other methods of tribal interaction be implemented which are more effective and productive. Work Instruction 9.1 shall be revised to reflect new direction:

- Improved tracking of Department interaction and collaboration
- More direct contact related to department initiatives (planning, BSAs, etc)
- Regular contact with the tribes to identify issues of concern

15. Chemical Use (WI 2.2)

Derogation applications for use of four chemicals were approved in December, 2009 by the FSC Pesticides Committee until January 15, 2015. Work Instruction 2.2 must be updated to reflect these approvals and the conditions that FSC has placed on their use.

16. Work Instruction Revisions – Recommendations:

The FMD Forest Certification Specialist will incorporate the following recommendations regarding changes to work instructions and forward to the FCT for concurrence, and then forward to the Department Management Teams and SWC for review and approval.

WI Recommendation for Revision or clarification of Work Instructions

1.1	None
1.2	Revise to allow greater flexibility in number of internal audits to conduct annually.
1.3	None
1.4	Include a requirement that newly discovered occurrences of rare, threatened, or endangered species be reported to the DNRE Endangered Species Coordinator. Reference MNFI report forms in WI.
1.5	None
1.6	None

1.7	None
2.1	None
2.2	Changes will be made to reflect FSC chemical derogations which were approved in December 2009.
2.3	Amend to address use of GMOs. GMOs cannot be used on certified forests.
3.1	None
3.2	None
3.3	Incorporate proposed revisions recommended by appointed work group: Additional detail on procedure for road closures, reference 2007 Inland Consent Decree requirements, and update role and responsibility section.
5.1	None
6.1	None
6.2	None
6.3	None
7.1	Incorporate proposed revisions recommended by appointed work group and approved by FMD and WLD Field Coordinators.:
7.2	None
8.1	Incorporate proposed revisions recommended by the Training Advisory Team.
9.1	Revise to drop annual tribal meetings and implement other more effective methods of tribal interaction.

Appendix A:



Michigan Department of Natural Resources & Environment - Forest, Management Division

INTERNAL AUDIT STATEWIDE NONCONFORMANCE REPORT (NCR)

Unit Name and Site: Michigan Department of Natural Resources State Forest Lands		Statewide NCR Number 2009-1
Author: Dennis Nezych	Lead Audit Team: Kim Herman, Les Homan, Jeff Stampfly	
Date (mm/dd/yyyy): 1/04/10	Work Instruction or Standard and Clause Number: Work Instruction 2.3: Integrated Pest Management	
Other Documents (if applicable): Internal Audit NCRs 63-2009-04, 53-2009-3		Responsible Manager(s): FMD Mineral and Land Management Section Leader
REQUIREMENT OF AUDITED STANDARD/ WORK INSTRUCTION: Work Instruction 2.3: Integrated Pest Management Item 5a: Invasive non-native plants will not be used on public lands, mandated restoration projects or recommended for use on private lands.		
OBSERVED NONCONFORMITY: The seed mix being used in the FMU for "Restoring vegetation to Rights of Way and Well Sites on State Forest Land in Northern Lower Peninsula" include known invasive exotics species.		
ROOT CAUSE ANALYSIS (Describe the cause of the problem.): These seed mixtures were developed for a variety of soil types many years ago for the purpose of initially establishing quick cover to reduce the risk of erosion and to revegetate the site. Secondly these seed mixtures provide a basis to allow a succession of native species to repopulate the disturbed area. Current seed mix is contrary to FC work instruction requirements.		
CORRECTIVE ACTION (Recommended – Proposed corrective action): The Minerals and Land Management Section Leader has convened a work group to consider the seeding requirements for disturbed soils present in the Northern Lower Peninsula and to develop seeding criteria which will accomplish the goal of stabilizing soils for future vegetative succession. This group is charged to provide recommendations for revision to Exhibit B (IC 4287, VEGETATION RESTORATION OF RIGHTS-OF-WAY, WELL SITES, AND OTHER CLEARED SITES ON STATE FOREST LAND - NORTHERN LOWER PENNINSULA) by March 1, 2010. It is recommended that the revegetation Guidelines apply to all state forest lands, and not just the Northern Lower Peninsula.		
CORRECTIVE ACTION PLAN ACCEPTED:	FCIT: Date January 26, 2009	
Follow Up Comments:		



INTERNAL AUDIT STATEWIDE NONCONFORMANCE REPORT (NCR)

Unit Name and Site: Michigan Department of Natural Resources State Forest Lands		Statewide NCR Number 2009-2
Author: Dennis Nezych	Lead Audit Team: Kim Herman, Les Homan, Jeff Stampfly	
Date (mm/dd/yyyy): 1/04/10	Work Instruction or Standard and Clause Number: 3.2 Best Management Practices Non-Conformance Recording Instruction	
Other Documents (if applicable): Internal Audit NCRs 53-2009-04, 32-2009-6		Responsible Manager(s): FMD Unit Manager
REQUIREMENT OF AUDITED STANDARD/ WORK INSTRUCTION: DNR employees must report problems using a non-conformance report form. This information will be sent to the FMD Unit Manager who is responsible for the site. The Unit Manager is responsible for recording and tracking all BMP problems reported.		
OBSERVED NONCONFORMITY: Not all RDRs are being entered and not all completed work is being recorded. No recent RDRs are being developed.		
ROOT CAUSE ANALYSIS (Describe the cause of the problem): <ul style="list-style-type: none"> • Documenting new RDRs have not been emphasized by some managers because not all existing RDRs have been resolved. • FMUs are waiting for improvement to the electronic RDR database to be completed. 		
CORRECTIVE ACTION (Recommended - Proposed corrective action): <ul style="list-style-type: none"> • Re-emphasize recording RDRs at the Unit level by Division supervisors. • An updated automated RDR data base was developed and is in place. FMD and WLD Field Coordinators will ensure training is implemented and available to all DNR staff on how to recognize reportable resource damage sites and clarify field protocols for reporting and tracking these sites. FMU staff will be trained in use of the RDR reporting and tracking system by Oct 1, 2010. • Determine whether a user guide is available. If not, one should be completed by June 1, 2010. 		
CORRECTIVE ACTION PLAN ACCEPTED:		FCIT: Date January 26, 2010



INTERNAL AUDIT STATEWIDE NONCONFORMANCE REPORT (NCR)

Unit Name and Site: Michigan Department of Natural Resources State Forest Lands		Statewide NCR Number 2009-3
Author: Dennis Nezych	Lead Audit Team: Kim Herman, Les Homan, Jeff Stampfly	
Date (mm/dd/yyyy): 1/04/10	Work Instruction or Standard and Clause Number: 7.1 Timber Sale Preparation and Administration Procedures	
Other Documents (if applicable): Internal Audit NCRs 63-2009-09, 53-2009-6		Responsible Manager(s): FMMF Managers at Unit and District levels
REQUIREMENT OF AUDITED STANDARD/ WORK INSTRUCTION: <u>7.1 Timber Sale Preparation and Administration Procedures:</u> “A record of all timber sale inspections, site visits, and other related observations and notes will be kept on a Timber Sale Contract Field Inspection Report, R-4050. At a minimum, complete a form R-4050 (including checklist items) for each payment unit,		
OBSERVED NONCONFORMITY: Generally, staff are doing a good job of documenting their site visits, but often are not using form R-4050 as required by the work instruction. Not using Form R-4050 on every field inspection made it unclear if all elements of the timber sale contract were being evaluated on a consistent basis. The checklist portion of form R 4050 is often not completed; documentation of SFE trained foreman and of pre-sale meeting sometimes not provided; contract variance sometimes not documented.		
ROOT CAUSE ANALYSIS (Describe the cause of the problem.): A final inspection report using Form R4050 is being completed when the timber sale is closed and the Timber Sale Completion Report is filed. However, documentation of regular inspections during the course of the sale has not been consistent, some using a locally designed form, and not form R4050 to record observations. There seems to be unwillingness on the part of many staff to utilize the form as specified in the work instruction. FMU staff often feel that using one form per visit or one form per unit is excessive, and would like to see the ability to use the same form for multiple visits and note which unit(s) is covered.		
CORRECTIVE ACTION (Recommended - Proposed corrective action). <ul style="list-style-type: none"> • District Supervisors and Field Coordinators need to instruct field staff to complete form R4050 form and comply with the work instruction on reporting requirements. • The FMD Field Coordinators appointed a committee to revisit Work Instruction 7.1 and form R4050. Proposed recommendations – revisions to form R 4050 and draft revisions to WI 7.1 are to be submitted to the FMD Mgt Team by March 1, 2010. 		
CORRECTIVE ACTION PLAN ACCEPTED:	FCIT: Date	
Follow Up Comments:		

APPENDIX B

2010 Forest Certification Internal Audit Process (revisions in red print on page 25)

The intent of the internal audits is to:

- 1) provide a real time audit experience for DNR in FMUs (preparedness)
- 2) provide field testing for Work Instructions (functionality, application, completeness)
- 3) provide training for DNR auditors and audit methods
- 4) provide DNR with preliminary forest certification conformance.

General Schedule

			Recommended Attendees	Comments
Day 1	? am – 5 pm	Auditors arrive, organize for audit,, check documents	Internal auditors, FMU mgr and secretary	The audit team will arrive by noon on day one to plan audit logistics with the Unit Manager (and possibly Secretary) and locate and review documents. At end of the day, lead auditor will provide FMU mgr with list of additional requested info/documents.
Day 2	8 a.m. – 5 pm	Field site visits	FMU staff from all Divisions, District staff.	Brief opening meeting to organize. Audit team will visit field sites.
Day 3	8 a.m. – 5 pm	Prepare for closing meeting and write NCRs. Last minute site visits if necessary.	Select unit staff. Use telephone conferencing during the closing meeting for staff at remote locations	Audit Team to prepare NCRs and closing meeting comments. Select site visits with select staff and/or additional document search will be done only if necessary to close audit gaps. Hold closing Meeting held before end of day.

Recommended Attendees:

Audit team: Name (Lead Auditor), Name, Name

Auditee:

FMD: FMU Mgr (Lead for Auditee), Fire supervisor, foresters, forest technicians, administrative staff, fire officers, District supervisor, District specialists

Wildlife: Biologist (WB), District supervisor, specialists

Fisheries: Biologist (FB), District supervisor, specialists

FC Specialist: Will function to provide audit oversight and coordination and ensure audit process is as efficient and effective as possible. Advise lead auditors during audits, with authority to influence direction of the audits. Will not function as lead auditor or as staff auditor, except as substitute for absent person. Conduct post internal audit evaluation to improve process.

Internal Audit process:

Because the Internal Audits are providing additional development and training purposes, some roles, responsibilities and communication will be somewhat different than what will occur during the 3rd party external certification audits.

An internal audit report will be prepared that will include a brief audit summary and a set of “MDNR Internal Audit Nonconformance Reports” related to the 21 Work Instructions with emphasis on Management Review Decisions from the previous year.

Michigan DNR Forest Certification Internal Audit
Audit Summary Template
(12-28-06)

FMU:

Internal Audit Dates:

Internal Audit Summary Date:

Lead Auditor:

Internal Auditors:

Comments:

Note areas where FMU exceeds expectations (optional)

Provide number of Major non-conformances

Provide number of Minor non-conformances

List opportunity for improvement (optional)

Definitions:

Major Non-conformances: One or more of the Michigan Department of Natural Resource (MDNR) Sustainable Forest Certification Work Instruction requirements has not been addressed or has not been implemented to the extent that a systematic failure of the MDNR to meet a Sustainable Forest Certification (Sustainable Forestry Initiative or Forest Stewardship Council) principle, objective, performance measure or indicator occurs. (Adapted from the Sustainable Forestry Initiative Standard 2005-2009 Edition definitions.)

Minor Non-conformances: An isolated lapse in MDNR Sustainable Forest Certification Work Instruction implementation which does not indicate a systematic failure to consistently meet a Sustainable Forest Certification (SFI or FSC) principle, objective, performance measure or indicator. (Adapted from the Sustainable Forestry Initiative Standard 2005-2009 Edition definitions.)

Opportunities for improvement: Opportunities for improvement are findings that do not indicate a current deficiency, but serve to alert the FMU to areas that could be strengthened or which could merit future attention:

NCRs:

Copies of all NCRs (form R 4502) are attached to this audit summary.

Report and Review Procedure following the Internal Audit:

1. Nonconformance Reports (NCRs) that describe observed nonconformity with forest certification work instructions will be prepared by lead and staff auditors during internal audits.
2. Lead Auditor will prepare a Draft Internal Audit Report (DIAR) consisting of Audit team Nonconformance Reports and a brief audit summary (cover memo). Complete at closing meeting.
3. Lead Auditor will send the DIAR to FMU Manager and send a copy to Forest Certification Specialist and District FMD Supervisor within 1 week.
4. The FMU Manager will respond to the NCRs and assemble the root cause analysis and corrective actions for all NCRs in consultation with staff, or, dispute findings with an explanation. FMU Manager will send to the FMD District Supervisor with copy to FC Specialist and Lead Auditor.
5. The FMD District Supervisor will review, support, and date the NCRs. The FMD District Supervisor will send the Internal Audit Report with approved NCRs to the Forest Certification Specialist within 4 weeks of the closing meeting. A copy of this report will also be sent to the Lead Auditor.
6. The Forest Certification Specialist will consult with Lead Auditor to confirm corrective actions satisfactorily address NCRs. The FC Specialist will review and sign the NCR corrective actions to acknowledge completion. Complete within 6 weeks of closing meeting date.
7. Forest Certification Specialist will forward Final Internal Audit Report to FCIT, FMD Management Team, FMD District Supervisors, all FMU Managers, and representatives from other Divisions, as identified by the FCIT Division representatives.
8. Corrective Actions will be cleared via notification by the responsible manager that corrective actions are complete and via verification by the responsible manager's supervisor.
9. The forest certification specialist shall track open NCRs to confirm that all are followed through to completion.

Management Review Process and Statewide Internal Audit CARs

1. Forest Cert Specialist makes preliminary report of statewide NCRs.
2. Forest Cert Specialist reviews with lead auditors for concurrence. Root causes and corrective actions are determined, and time lines are established. Send draft report to FCIT mgt review sub-committee for review.
3. Statewide nonconformance reports are reviewed at the annual statewide management review meeting (see WI 1.2). Forest Cert Specialist will work with FMD and WLD Field Coordinators to prepare a draft Management Review Summary.
4. FMD and WLD Field Coordinators will co-host a management review meeting per Work Instruction 1.2. Corrective actions, responsible managers, timelines, follow-up requirements are confirmed and Management Review Decisions are forwarded to the FCIT for review and concurrence.
5. FMD and WLD Field Coordinators forward the final Management Review Summary to Management Teams and SWC for approval.
6. Management Review Decisions are communicated to all employees.
7. Next level supervisors must ensure corrective actions are implemented.

Internal Audit (IA) Plan Template

OBJECTIVE: To review DNR field operations on the [FMU name] against the DNR Work Instructions to determine the Unit's conformance to the Work Instructions and, thereby indirectly to the Forest Stewardship Council Lake States and the Sustainable Forestry Initiative 2005-2009 Standards.

Additionally the audit is intended to:

- 1) Provide a real time audit experience for DNR Forest Management Units (FMU).
- 2) Provide field testing for Work Instructions (functionality, application, completeness).
- 3) Assess conformance with DNR forest certification program.

SCOPE: Operations that occur on State Forest Land within the [FMU name] Management Unit. In-water operations conducted by Fisheries and State Park management are out of scope.

AUDIT CRITERIA: Forest Certification standards as represented by Work Instructions (including Management Review Decisions) utilized in management of State Forest lands and, if applicable, other references such as the Water Quality Management Practices on Forest Land (BMP handbook). The current version of the Work Instructions may be found on the DNR Intranet at:

http://www.michigan.gov/documents/CompleteSetOfWIs8-19-05_134656_7.pdf

FUNCTIONS: Those individuals and functions that are involved in the implementation of Work Instructions will need to be available during the internal audit. This may include Wildlife and Fisheries Division staff depending on the sites selected for review. The FMD Unit Manager is the lead contact for the auditee and will be required to be involved throughout the audit. The following are additional staff recommendations to consider.

- FMD: Foresters, Forest Technicians, administrative staff, Fire Supervisor, Fire Officers , District Supervisor, District Specialists
- Wildlife: Biologist, Technicians, District Supervisor, Ecologist/Planners
- Fisheries: Biologist, District Supervisor, Specialists
- Law Enforcement Division representative
- Parks and Recreation representative

HIGH PRIORITY ELEMENTS: Those decisions identified in the previous years Management Review are of the highest priority.

AUDIT PROCEDURES: Internal Audit (IA) teams normally consisting of four people – a lead auditor and 3 staff auditors - will conduct the audit. The Lead Auditor will request initial information and documentation from the [FMU name] manager for pre-audit planning usually several weeks before the audit is scheduled. Documentation for specific field sites will be requested a few days before the audit. This documentation must be ready for the auditors on the first day of the audit. The lead auditor will provide the FMU manager with specific instructions regarding the type of documentation and the number of copies needed. The documentation must be organized by site, in the order that sites will be visited. A

“route” (county) map showing the audit site number (corresponding to the documentation package) will also be needed. An itinerary for the week will be finalized on the day before the field audit begins. Conformance to the Work Instructions will be determined by the IA team through observations, interviews with personnel and documentation provided.

TIMETABLES:

- Day One: Audit team will assemble at 12:00 PM on Monday, [date] at [FMU name] Headquarters. The audit team will finalize audit details such as site selections, itineraries for each day, document review needs and record keeping procedures. This is primarily a planning session for the auditors. FMU staff are not involved other than brief discussions with Unit Manager and Secretary.
- Day Two: 8:00 AM, hold office briefing (approx. 1 hr). The rest of the day will be used to review in-field operations on the [FMU name] Management Unit. Audit team may split up and visit different sites. At end of the day, Lead Auditor will provide FMU manager with a list of additional information or documents needed.
- Day Three: Audit Team prepares NCRs and finalizes the draft Internal Audit report. Follow-up site visits with select staff and/or additional document search may be done if necessary to close audit gaps. Hold closing Meeting held before end of day. Use telephone conferencing during the closing meeting for staff at remote locations.

There will be a debriefing session each day where auditors will discuss findings made during the day and to confirm the logistics of the next day. There also will be a morning briefing to reconfirm the itinerary for the day, logistics, etc.

Because of the audit schedule, the FMU manager and staff may have to work beyond their normal hours of work. The Internal Audit team is planning to complete field reviews each day around 5:00 PM, but this will depend on individual sites and locations.

LODGING/TRANSPORTATION/LUNCHESES: The FMU Manager is responsible for arranging lodging for the IA team, transportation to all field sites, and lunches for all those participating in the field visits.

SAFETY: Precautions for safety under field conditions will be observed including the use of hardhats, safety eye protection and safety footwear whenever a site with an open timber sale contract is visited. Members of the audit team will provide their own safety equipment. The FMU manager is responsible to provide safety gear as needed for other audit participants. Additionally the FMU manager is required to inform participants of any safety hazards that are likely to be encountered each day.

MEETING SCHEDULE: Opening meeting – Tuesday 8:00 AM @ _____ Headquarters. Closing meeting – Tentatively scheduled for Thursday afternoon @ _____ Headquarters

AUDIT TEAM MEMBERS: _____ (lead auditor), _____ (auditor), _____.

CONDUCT: Audit Team members and Auditees are expected to be honest, open and frank. Personalities, while often encroaching into audits, are not the subject of them and will not be addressed. Intent is to assess DNR field operations against the Work Instructions with particular emphasis on Management Review Decisions.

REPORTS: A Draft Internal Audit Report (DIAR) be prepared that will include an audit summary and a set of “MDNR Internal Audit Nonconformance Reports” (NCR’s) related to the 21 Work Instructions with emphasis on Management Review Decisions. It will present findings of nonconformance between the work instructions and field operations on the [FMU name] Management Unit. The presentation of the draft report at the closing meeting will consist of a review of the NCR’s with discussion to assure understanding and accuracy of the findings. The Lead Auditor will leave the DIAR with the FMU Manager for formulation of corrective actions. Lead Auditor will send copies to the Forest Cert Specialist and District Supervisor. Being a public agency, final documentation resulting from the audit may be subject to Freedom of Information Act requests.

DOCUMENT RETENTION: Documentation will be retained by the Forest Certification Specialist and the FMU according to the DNR retention schedule.



2010 INTERNAL AUDIT NON CONFORMANCE REPORT

Unit Name		Site location	Non Conformance Report Number (Unit Code - yyyy - #)	
Lead Auditor		Team Member(s)		
Date (mm/dd/yyyy)		Work Instruction or Standard and Clause Number		
<input type="checkbox"/> Major <input type="checkbox"/> Minor		Other Documents (if applicable)	Responsible Manager(s) (Person identified by the internal audit team who implements the corrective action):	
Requirement of Audited Standard/ Work Instruction				
Observed Nonconformity				
Root Cause Analysis (Describe the cause of the problem.) Prepared by and date _____				
Corrective Action - Proposed corrective action - To be completed by the Unit and relevant Divisions. Prepared by and date _____				
Proposed Completion Date (mm/dd/yyyy)				
		_____	_____	_____
		Responsible Manager	Signature	Date
_____		_____	_____	
FMD Unit Manager		Signature	Date	FMD Dist Supervisor Signature
CORRECTIVE ACTION PLAN ACCEPTED				
Forest Cert Specialist:				
Date				
Actual Completion Date (mm/dd/yyyy)				
Responsible Manager				
Date				
Verified by:		Verified by:		
_____		_____		
Responsible Mgr Supervisor		Signature	Date	FMD FC Specialist Signature Date
Follow Up Comments				

APPENDIX C Status of 2007 and 2008 Internal Audit Non-conformances 2-05-10
(these few NCRs remain, the majority have been resolved)

NCR #	Observed Non-Conformity	Corrective Action	Resp. Mgr.	Comments
Atlanta 54-2008-3	1) Notification to DNR regarding the status of rehabilitation activities on oil and gas well sites is inadequate. Use permits have requirements which cannot be enforced because DNR staff is unaware of rehabilitation activities that may have occurred at the well sites. While DEQ does update DNR weekly on the status of oil and gas permits there is no mechanism in place to notify DNR that rehab activities have actually been completed. In addition there is no mechanism for DNR field staff to approve completion of reclamation requirements.	1. Procedures need to be developed by Section staff to inform local staff of rehab needs and activities.	1) Mineral and Lands Management Section Manager,	1) With the recombination of Office of Geo Survey staff into the DNRE, that improves our ability to get better communication among the respective field staffs. Further the Well Site Permit and the Exhibit B reclamation requirements do not explicitly state that the Unit Mgr needs to be notified prior to reclamation. Since the Exhibit B seeding requirements are now being revised to eliminate exotic invasive species, this is an opportunity to include a requirement for notification in the revised Exhibit B. Field staff can also be instructed to include notification for reclamation more clearly on either the first page of the Well Site permit or on the addendum that is typically attached to it. The other notification that can be made is a mailing to our lessees clarifying the need to notify the unit managers prior to commencing restoration of well sites on state land.
Atlanta 54-2008-8 Baraga 11-2008-09 Gaylord 52-2008-11	Wildlife, Fisheries, and Law Enforcement Division do not follow the structured training process outlined in Work Instruction 8.1.	The FCT recommends that revision to the work instruction occur, and it should incorporate the actual process used by each division. The Departments Training Advisory Team (TAT) and the training officers/coordinators are ideally positioned to help resolve this NCR. The FMFM Forest Certification Specialist will contact the TAT and get this issue placed on their agenda.	TAT and FC Specialist	The TAT was contacted and a September 2, 2009 meeting was scheduled to review WI 8.1 and this NCR. The TAT subsequently developed a revised draft WI for review by the DNR Management Review Team.
Rosc 71-2007-6 Part B	B) The seed mix being used in the FMU for "Restoring vegetation to Rights of Way, Well Sites and Other Cleared sites on State Forest Land in Northern Lower Peninsula" include known invasive exotics species.	Seed mix is currently being reviewed for change.	Mineral and Land Management Section Manager	Part b: The Minerals and Land Management Section Leader has convened a work group to consider the seeding requirements for disturbed soils present in the Northern Lower Peninsula and to develop seeding criteria which will accomplish the goal of stabilizing soils for future vegetative succession. This group is charged to provide recommendations for revision to Exhibit B (IC 4287, VEGETATION RESTORATION OF RIGHTS-OF-WAY, WELL SITES, AND OTHER CLEARED SITES ON STATE FOREST LAND - NORTHERN LOWER PENNINSULA) by March 1, 2010.