FOREST CERTIFICATION

MANAGEMENT REVIEW REPORT

Final Report

Approved by the DNR Resource Bureau Management Team
May 5, 2015

Forest Resources Division
IC4506 (Rev. 05/05/2015)

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I. BACKGROUND

Michigan's state forest was dual certified in 2005 by the Sustainable Forestry Initiative (SFI) and the Forest Stewardship Council (FSC). Each of these certification systems comes with a set of forest management standards to which the state forest management system is expected to conform, and both standards encourage continual improvement of the forest management system.

The SFI Principle 14 and Objective 20 address the need for continual improvement and the requirement for an annual management review.

The FSC standard does not explicitly address the concept of 'continual improvement', but it is implied through Principle 8: Monitoring and Assessment, where monitoring is used to achieve continued improvement.

Management Review Process

The Michigan Department of Natural Resources (DNR) Forest Certification Work Instruction (WI) 1.2 establishes both the management review team and the management review. The review is a systematic process to evaluate forest management practices and to promote continual improvement in the management of the state forest system. The review is based on the results of the internal and external audits and includes:

1. A report of the disposition of 2013 audit results;
2. An evaluation of 2014 audit results;
3. A report of actions immediately taken to address new audit findings;
4. Identifies pending actions needed to address new audit findings; and
5. An assessment of the effectiveness of work instructions.

Focus of Management Review Meeting

Discuss and make management decisions to:

1. Address any SFI and FSC corrective action requests (CARs);
2. Assign implementation responsibility for corrective action responses;
3. Address unresolved non-conformance reports (NCRs) from past internal audits; develop strategies to resolve them and assign implementation responsibility;
4. Address pending actions proposed at previous management reviews that are not fully implemented;
5. Identify needed revisions to work instructions; and
6. Identify other actions for continual improvement of state forest operations.

Recommended Timeline for Review of Management Review Report

1. The Forest Certification Coordinator will produce a draft management review report for the management review meeting in Gaylord on January 22, 2015.
2. The Management Review Team will agree on a draft Management Review Report and identify any needed work instruction revisions at the management review meeting. The draft report will be forwarded to the Forest Resources Division, Wildlife Division, Fisheries Division, Law Enforcement Division, and Parks & Recreation Division management teams for comment by February 6, 2015.

3. Management team comments on the draft report and list of needed work instruction revisions are due on March 6, 2015 to the Forest Certification Coordinator, who will review with the Forest Certification Team Executive Committee.
4. The revised management review report and the list of work instructions requiring revision will be sent to the Resource Bureau Management Team for information by April 10, 2015, with approval desired by May 8, 2015.
5. Following approval of the management review report by the Resource Bureau Management Team, the Forest Resources and Wildlife Division chiefs will assign implementation responsibility for each decision to the identified manager.

Implementing Program Improvements

1. Whenever possible, immediate changes will be made to remedy identified non-conformances.
2. The Forest Certification Team 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 related to remedies and improvements specifically in terms of impact and work load.
4. The Resource Bureau Management Team will review and approve management review decisions that identify changes and improvements necessary at all Department of Natural Resources (DNR) levels to continually improve conformance with work instructions and standards.
5. Division Chiefs will ensure changes and improvements approved by the Resource Bureau Management Team are implemented via delegation to the appropriate manager.

II. DISPOSITION OF 2013 AUDIT RESULTS AND 2014 MANAGEMENT REVIEW REPORT

This section provides the disposition of implementation actions identified in the 2014 management review report to address 2013 external audit (observations and corrective action requests - CARs) and internal audits (non-conformance reports - NCRs) findings. Details regarding the disposition of audit findings may be found in the published reports summarizing the 2014 external and internal audits.

External Audit Findings

FSC Observation 2012.3 addressing Forest Stewardship Council Indicators 1.5.a and 4.5.b had been carried over from the 2013 external audit into 2014. The observation addressed the chronic problem with unauthorized encroachment onto state forest lands. The observation is now closed.

FSC Minor CAR 2013.1 addressing the Forest Stewardship Council Indicators 6.3.a.1 and 6.3.f was issued in reference to the retention of groups of trees and individual trees consisting of mainly oak and conifer species or existing snags in aspen cuts. This minor CAR has been closed.

FSC Major CAR 2013.2 addressing the Forest Stewardship Council Indicators 6.3.a.2, 6.4.a, 6.4.b, 6.4.c, 6.4.d and 6.4.e and **SFI minor CAR 2013.2** was issued in reference to the Biodiversity Conservation Planning Process which was essentially on hold due to the regional forest management planning process. These CARs are now closed.

FSC Minor CAR 2013.3 addressing the Forest Stewardship Council Indicators 6.5.b and 6.5.e.1 and **SFI CAR 2013.1** was issued in reference to an incident that was observed during the 2013 surveillance audit in which harvesting operations did not meet or exceed best management practices that address riparian management zones for vernal pools. This minor CAR is now closed.

FSC Minor CAR 2013.4 addressing the Forest Stewardship Council Indicator 6.7.b pertaining to an incident which was observed during the 2013 surveillance audit in which a spill of hydraulic fluid occurred in a mechanized harvest unit where there was a failure to immediately contain the material and to complete disposal and remediation procedures. This minor CAR has been closed.

FSC Observation 2013.5 addressing the Forest Stewardship Council Indicator 9.1.a in that DNR should consider completing an assessment of roadless areas (using the definition in the final draft Forest Stewardship Council U.S. High Conservation Value Forest Assessment Framework) and identify any roadless areas that may meet the intent of high conservation value three and are relatively large (i.e., >500 acres) and intact with no evidence of past or current road building. The observation is closed.

Internal Audit Findings

In 2013 internal audits were conducted in the Gladwin, Grayling and Pigeon River forest management units. There were five minor NCRs that were still unresolved in 2014, three of which have since been closed.

Grayling Minor NCR 72-2013-04 involved an illegal stream crossing (the crossing was in place at the time of sale preparation) and off-road vehicle damage was observed with no resource damage report in the database. The non-conformance is now closed.

Grayling Minor NCR 72-2013-05 involved the process for approving road closures that needed revision following the dissolution of the Ecoteams. The non-conformance is now closed.

The two 2013 NCRs that are still open are discussed further in Section V.

2014 Management Review Report

The 2014 Management Review Report contained 20 recommendations for implementation in 2014 and all but 9 were implemented. The details of implementation are discussed below and the items that are incomplete have been carried over into Section V.

Writing of a new Inventory and Compartment Review Policy and Procedure (32.22.00) was started in 2013 and continued in 2014. It is anticipated that the revised policy and procedure will be approved in 2015 and in place for the compartment review process for the 2018 year-of-entry.

As a result of the completion and approval of the regional forest management plans and the approval of an updated network of ecological reference areas as high conservation value forests, the 2008 State Forest Management Plan was amended and posted to the internet.

Necessary revisions to the work instructions were identified in the 2013, but were not completed. The 2014 management review recommended revisions to most of the work instructions. In response to this direction, a complete set of newly revised work instructions were approved by the Resource Bureau Management Team and were implemented on June 23, 2014.

The state silviculturalist planned for a new round of derogation requests. An extension of the derogation for use of Dimilin (diflubenzuron) was applied for. Forest Resources Division decided not to pursue an extension of the derogations for hexazinone and 2,4-D after consultation with Wildlife Division. The FSC has completed review of our derogation extension request and has approved the use of diflubenzuron.

The Resource Assessment Section has developed a way to use the LOTS database information and the quarter-quarter grid file (40 acres parcels) in the geographic decision support system to track the different categories of purchased land, most specifically those lands purchased with Wildlife dollars.

New direction regarding event and non-event use permits was developed and included in the revision of the work instruction for field use.

The approval process for intrusive activities was revised in Work Instruction 3.1 in 2014 and an activity tracking system for harvest prescriptions and forest treatment proposals was developed and will be implemented as part of the Michigan Forest Inventory system release 2 that is scheduled for January 2015.

Forest Resources Division continued to support the SFI Statewide Implementation Committee's annual best management practices monitoring program.

The Resource Bureau Management Team approved the Non-Timber Trespass Policy and Procedure and implementation of the Encroachment Resolution Initiative continued through 2014.

The Department Tribal Coordinator and Division Tribal Coordinators meet quarterly to discuss tribal outreach and collaboration in order to coordinate with the tribes and learn from our experiences and coordinate collaborative efforts.

III. EVALUATION OF 2014 AUDIT RESULTS

There were no major NCRs and major or minor CARS in 2014. The opportunities for improvement and the observations that will be addressed during the management review meeting are outlined in Section V. Other opportunities for improvement from the internal audits are detailed in Appendix I.

Internal Audit Findings

In July of 2014, internal audits were carried out on the Shingleton, Escanaba and Gaylord Forest Management Units and also resulted in the training of three new auditors -- one from Forest Resources Division and two from Wildlife Division. The audits found no major NCRs, 11 minor NCRs, and 12 opportunities for improvement:

1. Shingleton Forest Management Unit – The audit identified no major NCRs, 1 minor NCR, and 7 opportunities for improvement.
2. Escanaba Forest Management Unit – The audit identified no major NCRs, 4 minor NCRs, and 3 opportunities for improvement.
3. Gaylord Forest Management Unit – The audit identified no major NCRs, 6 minor NCRs, and 2 opportunities for improvement.

Actions taken resulted in the closure of 8 minor NCRs (see Section IV), and the remaining NCRs will be addressed at the 2015 management review (see Section V).

External Audit Findings

The 2014 surveillance audit was carried out during the week of October 7-11, 2014, by Norman Boatwright (SFI) and Kyle Meister (FSC) and focused on the Newberry, Shingleton and Escanaba Forest Management Units. There were no SFI CARs or observations resulting from the audit.

Three FSC observations were issued and these findings are discussed in Section V under Work Instruction 1.5.

IV. IMPLEMENTED ACTIONS TO ADDRESS NEW AUDIT FINDINGS

Following the internal audits, there is a concerted effort to expeditiously address and close each of the NCRs and opportunities for improvement resulting from the internal audits. The three 2014 audits resulted in 11 minor NCRs and 12 opportunities for improvement. Nine of the NCRs were closed and the actions taken are further discussed in this section. The two minor NCRs remaining open and recommendations for addressing the NCRs and some opportunities for improvement will be discussed in Section V.

NCR 52-2014-01 cited Work Instruction 1.1 and concerned unfamiliarity with some of the work instructions by new staff, due to the lack of formal training. To address this non-conformance, the new staff persons were directed to the website and were informed of the importance of the work instruction to their daily work activities. Selected work instructions will also be reviewed at unit staff meetings and the results of the audits will also be discussed at staff meetings. At the state scale, there will also be a new training course prepared and offered to staff in the coming year. This NCR has been closed.

Shingleton OFI 41-2014-1 noted that no long-term goal for the desired amount of openings (wildlife habitat) exists at the management unit level. This is part of a much larger gap that was identified in the regional forest management plans (RFMPs) related to wildlife habitat objectives. A pilot project for integrating objectives for wildlife habitat, timber production, and other values using REMSOFT modeling/planning software has been initiated, which may help to address this shortcoming before the next round of regional forest management planning.

NCR 33-2014-01 cited Work Instruction 1.4 (biodiversity management) and concerned a lack of a description of the resources used to make the determination of the presence of RTE species and documentation in the opportunistic field survey locked comment box in the Inventory database. Although the MNFI database is being checked during the compartment review process, documentation of the check is not being completed, as a result of inadequate training. In order to

correct this problem, the Inventory Planning Specialist (IPS) in the region will be asked to provide appropriate training as part of the next pre-inventory meeting. This NCR is closed.

NCR 33-2014-02 cited Work Instruction 2.1 and concerned the lack of consistently identified and documented alternative regeneration objectives. This issue resulted from confusion with the interpretation of the work instruction and most specifically with the definition of a difficult to regenerate stand. The Timber Management Specialist (TMS) has been asked to address the lack of training and to include an assessment of this in the QAQC that is carried out by the Inventory and Planning Specialist. This NCR is closed.

NCR 33-2014-03 cited Work Instruction 2.2 and was related to an incident where the Pesticide Application Plan, Forest Treatment Plan completion report and Pesticide Use Evaluation Report were not completed. There was no documentation that the silviculturalist had reviewed the activity, and there was no documentation that the herbicide had been applied by a certified applicator. In this case, too many people lacking experience with the work instruction were taking advantage of an outside funding source to control invasive species, and there was no follow-up of the process. The corrective action involved having the pesticide application plan and communication plan circulated together with the forest treatment proposal for approval at the same time. This NCR is closed.

NCRs 41-2014-01, 33-2014-04 and 52-2014-02 cited Work Instruction 5.1 and concerned the posting of the annual research summary. The prepared report was sent, but for some reason was not received and hence it was not posted. This was corrected, but the report did not have the wildlife research component, and this omission was not corrected until October. In the future, the meeting to start the reporting process will be called earlier so that more time is available for representatives to prepare the input from their division. These NCRs are closed.

NCR-52-2014-03 concerns an old forest road where a small creek has moved to include part of the road upstream of where it crosses the road. This access, although it appears that it is unused beyond the stream crossing, needed to be closed to prevent access and potential damage to the stream. This old access road has now been closed and the NCR has also been closed.

NCR 52-2014-04 cited Work Instruction 7.1, and concerned a lack of staff familiarity with the details of the work instruction. The details of the work instruction will be presented and discussed at staff meetings by ensuring that the subject is a standing agenda item. Staff will also be encouraged to take advantage of any work instruction related training opportunities. This NCR has been closed.

NCR 52-2014-05 cited Work Instruction 7.2 and concerns legal compliance and administrative contracts, whereby it was discovered that a parcel of land was not in the geographic decision support environment, but was listed as state-owned in LOTS. This parcel has since been documented in the GDSE compartment and stands layers as state forest land. This NCR is closed.

V. PENDING ACTIONS TO ADDRESS NEW AUDIT FINDINGS

The content of this section drives the main discussions at the management review meeting, as it requires the identification of a recommendation to resolve the issue and the assignment of a manager for implementation. The section is organized by work instruction group.

Work Instruction Group 1: Plan, Monitor and Review

1.1 Strategic Framework

- Scope of certification – this is a carryover from the 2014 Management Review Report. The Forest Resources Division (FRD)/Parks and Recreation Division (PRD) Transition Team was to complete an issue statement by June 1, 2014 to inform staff and clarify whether or not rail trail corridors within the state forest were in scope for the purpose of forest certification. Presently, rail trails are within scope, but whether or not they remain in scope is uncertain.

    - **Discussion Points**: Anything in these areas will be done with certification in mind, but PRD wants the rail trails to be out-of-scope. There is a bit of a stalemate right now and Dennis Nezich and Anna Sylvester are working on a memorandum of understanding (MOU). What is the original definition of being 'in-scope'? The PRD land is not 'in-scope' and will not be following certification guidelines in PRD. The PRD is the land administration division, but the question is whether or not the rail trail is within scope. It is anticipated the MOU will be finalized by March 2015. We need to list the pros and cons about leaving them within scope or to remove them from scope. Do we remove those lands from the compartment layer? Do we describe in-scope lands differently? The MOU will ensure that there is communication between PRD and FRD regarding rail trail management. The PRD considers them to be out-of-scope and would like them to actually be out-of-scope. The PRD stewardship is concerned about the potential for a 'certification land grab'. The PRD does not want to have the lands that they administer certified. In other states, parks lands are actually certified. The PRD and FRD cannot agree about the scope issue right now. We may have to go to the chiefs for resolution. This really only applies to rail trails that run through the state forest. They should be considered the same as wildlife areas that are embedded in the state forest (they are in scope). We may need to make revisions to Work Instructions 1.2 and 6.2. The MOU would need to be referenced in work instructions.
    - **Approved Decision**: Continue to develop the MOU; develop a list of pros and cons related to keeping rail trails located within the state forest in-scope or to remove them from scope; and develop a list of options for presentation to the FRD and PRD management teams. Decision ultimately will be with RBMT.
    - **Responsible Manager**: Dennis Nezich and Anna Sylvester
    - **Due Date**: August 1, 2015

- Identification of general Work Instructions revisions.
    - **Discussion Points**: No discussion.
    - **Approved Decision**: Review all Work Instructions to change IFMAP to MiFI.
    - **Responsible Manager**: Forest Certification Coordinator
    - **Due Date**: June 1, 2015.

1.2 Management Review Process

- Internal Audits – Following the 2014 internal audits, there was a debriefing session involving the audit teams and unit managers. This was followed by a staff survey in the audited units and ultimately an all unit staff survey. At the December 1, 2014 Forest Certification Team meeting, a small working group was assigned the task of reviewing input material and suggesting some options to be considered at the 2015 Management Review Meeting for improving the internal audits. Seven options were discussed by the work group (Appendix I) and three options are recommended for further consideration.

Option 1 – Continue the audit format, but consider the following recommendations for improvement (choose none, some or all):

- Use the same lead auditor for all audits or have the certification specialist attend and guide all internal audits. This will provide for consistency in approach and will allow themes developed by the sequential nature of each audit. The current approach with different lead auditors does not allow themes to develop.
- Add a component based on issues from previous audits. These can be discussed at the management review and the Approved Decision can include the assignment of a task team to do a more complete assessment outside the audit format.
- Revise the office/paperwork portion to make more efficient:
    - Assess the Work Instructions and the QAQC process.
    - Re-focus QAQC to reduce office/paperwork portion of internal audit and focus more on the field work.
    - Focus audits on gap between QAQC and work instruction direction.
    - Change the field audit portion to something more streamlined and focused.

Option 2 – Change the audits to focus on one or more themes. The themes would be related to one or more work instructions and would change from year to year rather than focusing on the full suite of work instructions each year. This option would also focus the themes on a larger suite or the full suite of management units in any given year. Under this option, the audit team could also consist of specific specialists related to the themed suite of work instructions.

Option 3 – Combine options 1 and 2.

- **Discussion Points**: Are we seeing inconsistencies across the internal audits? Yes. Internal audits are an opportunity to ensure that the work instructions were being implemented and as a training opportunity for the work instructions and preparation for the external audit. What has changed to cause the review? There are certain areas that still have problems that we need to address. There have been many new staff coming on, and we are now only getting to three units per year – it takes five years to get to all units. There is a boom and bust response to management related to the audit schedule. There are many checks and balances that we could be using, but not effectively capturing. We need to smooth out the boom and bust and take advantage of the checks and balances related to ongoing QAQC. We need to focus on new initiatives like biodiversity and retention, for example. The internal audit also identifies areas for continual improvement. We do not want to get caught up with themes to the point where we overlook issues that are not part of the theme. This could be an issue in getting field input to the themes. We would like to see more units audited, but we need more auditors. There are other systems that provide checks and balances. Themes could be a subset of the work instructions. Maybe we need to look at the suite of opportunities for improvement. One lead auditor might limit the scope of the audit based on that person's experience. We should mix and match the skills of the auditors rather than strictly on a volunteer basis. There are ways to influence the pool of auditors. When do we say enough is enough in terms of trying to complete and close the non-conformances? We could have the

certification planner do more of the preparatory paperwork, and take that workload off the lead auditor. We could keep the present division of labor in respect to the internal and external audits. We could adjust the audit team to two folks and do more units with a more streamlined approach. We could do shorter audits over more units. Discussion of decontamination procedures and other direction related to invasive species and where and when to include that in the audit process. If we go to a themed base audit, could we have a lead auditor by theme which would allow coverage across more units? It could be a totally themed based audit.
    - **Approved Decision**: Keep audit teams, three or four units and audit to a suite of themes. Move to a single lead auditor. Involve the FCT in identifying the themes. Base the approach on Option 1 above. The FCT is to help flesh out the details. Work Instruction 1.2 will need to be revised.
    - **Responsible Manager**: Forest Certification Coordinator
    - **Due Date**: May 8, 2015.

- Forest Certification Team – This is a carryover from the 2014 Management Review Report. The Forest Planning and Operations Section was to evaluate and propose to the Resource Bureau Management Team a recommendation for the purpose, roles and responsibilities of the Forest Certification Team and to identify team composition. This recommendation was not implemented until the December 1, 2014 Forest Certification Team meeting and is part of a review of the internal audit process (see above). The work instruction is clear on the Forest Certification Team duties and a suggested team membership is presented in Appendix II.
    - **Discussion Points**: Discussed potential changes to the composition of the FCT as indicated in Appendix II. The role of the FCT Executive Committee is not defined.
    - **Approved Decision**:
        - Have the FCT Executive Team review the membership and suggest new appointments to the team. Define the role of the FCT Executive Committee in Work Instruction 1.2.
        - The newly revised FCT should review the definitions for major and minor non-conformances (currently part of the internal audit report form) and suggest a new definition for major non-conformances that will remove confusion. Consider placing these definitions in Work Instruction 1.2.
        - The FCT should also review and suggest new guidelines regarding review of draft audit reports before the report goes to the unit manager (2010 management review appendix). Consider placing these guidelines in Work Instruction 1.2.
    - **Responsible Manager**: Forest Certification Coordinator
    - **Due Date**: April 30, 2015 for the FCT Executive Committee review and appointments. June 1, 2015 for the work instruction revision.

1.3 Regional State Forest Management Plan Implementation and Review

No identified issues.

1.4 Biodiversity Management

- New management direction for Potential Old Growth areas and additional management direction for ERAs and Designated Habitat Areas (DHAs) (in current draft guidance documents) needs to be incorporated into WI 1.4.
    - **Discussion Points**: Draft management guidance for ERAs and DHAs needs to be added to the work instruction.

- **Approved Decision**: Add the management guidance to WI 1.4. Finish the white paper on potential old growth.
- **Responsible Manager**: Forest Certification Coordinator for WI 1.4. Debbie Begalle and Terry Minzey and Joint FRD/WD Management Team for the white paper.
- **Due Date**: April 30, 2015 for the white paper. June 1, 2015 for the work instruction revision.

1.5 Social Impact and Public Participation

- FSC OBS 2014.1 – The DNR presented evidence of conducting an analysis of roadless areas consistent with the definition of high conservation value area type 3 (HCV3), as required by indicator 9.1.a, in response to observation 2013.5. While this did not result in any new areas being classified as HCV area land, as the roadless areas overlap with existing identified HCV areas (e.g., HCVs 1, 2, 3 or 4), the DNR did not conduct any stakeholder consultation activities, as required by indicators 9.1.b and 9.1.c, in response to this newly identified HCV area attribute. The DNR should develop a written plan of action to accomplish an assessment for high conservation values within DNR's network of ERAs as management plans for these areas are developed, and a summary of the assessment results and management strategies (see Criterion 9.3) to be included in the management plan summary that is made available to the public.
    - **Discussion Points**: A team has been assembled and has had one meeting to discuss this and come up with a solution. Do we need other members on the team? Can we add a unit manager? Do we have to have all the planners? Cut it down to two – one from each peninsula.
    - **Approved Decision**: Let the team develop the solution and have ready before the next audit this fall. Add one unit manager and change to one planner from each peninsula.
    - **Responsible Manager**: FRD Forest and Planning Section Manager
    - **Due Date**: September 11, 2015.

- FSC OBS 2014.2 – While the roadless high conservation value area type 3 (HCV3) designation results in no new areas being classified as ERA (i.e., no fundamental change in total protected area and management options), a transparent and accessible public review of proposed roadless high conservation value area type 3 (HCV3) attribute, its locations and management, was not carried out. Information from stakeholder consultations and other public review was not integrated into the roadless high conservation value area type 3 (HCV3) description, delineation and management. On public forests, DNR should prepare a written plan of action to accomplish: A transparent and accessible public review of proposed HCV attributes and management to be used and integration of information from stakeholder consultations and other public review into high conservation value forest descriptions, delineations and management.
    - **Discussion Points**: Same as above
    - **Approved Decision**: Let the team develop the solution and have ready before the next audit this fall. Add one unit manager and change to one planner from each peninsula.
    - **Responsible Manager**: FRD Forest and Planning Section Manager
    - **Due Date**: September 11, 2015.

- FSC OBS 2014.3 - The management plan and relevant operational plans describe the measures necessary to ensure the maintenance and/or enhancement of all high conservation values present in all identified high conservation value forest areas, including the precautions required to avoid risks or impacts to such values (see Principle 7 of the

standard). These measures are implemented. If any fundamental changes to the measures to maintain or enhance roadless HCV3 are identified during stakeholder consultation, the management plan and relevant operational plans should describe the measures necessary to ensure the maintenance and/or enhancement of the high conservation value attributes present in identified HCV3 roadless areas, including the precautions required to avoid risks or impacts to such values (see Principle 7 of the standard).

- **Discussion Points**: Same as above.
- **Approved Decision**: Let the team develop the solution and have ready before the next audit this fall. Add one unit manager and change to one planner from each peninsula.
- **Responsible Manager**: FRD Forest and Planning Section Manager
- **Due Date**: September 11, 2015.

1.6 Management Unit Analysis

- Escanaba OFI 33-2014-6 identified that although staff were aware of the featured species for a given management area, there was uncertainty about the rationale for their use, how they were chosen and where to find more information about their natural history and habitat requirements. This understanding is somewhat of a prerequisite to the planning and to informing the public during compartment review. The information on featured species on the DNR Wildlife Division internet site is incomplete.
  - **Discussion Points**: The habitat guidance documentation is on Mike Donovan's desk.
  - **Approved Decision**: Have Mike Donovan complete this work and get the information posted so that it is available to field staff.
  - **Responsible Manager**: Pat Lederle
  - **Due Date**: June 1, 2015

Work Instruction Group 2: Forest Regeneration and Chemical Use

2.1 Reforestation

- Silvicultural Guidelines - Silviculture guides for jack pine, aspen, and northern hardwoods were to be finalized by July 1, 2014. This is a carryover from the 2014 Management Review Report. Although the guides have been prepared, they have yet to proceed through the approval phase that includes the FRD Management Team. This recommendation included the start of work on guides for the next priority forest cover types and to include lowland conifer. The staff silviculturalist has started guides on red pine and lowland conifer (including black spruce, white spruce and tamarack).
  - **Discussion Points**: There is a need for one last look at the draft guidelines by the two management teams and the new focus will be on red pine. We need to find a full-time replacement for the silviculture specialist. Terry asked about climate change with respect to aspen and jack pine. Not yet due to the uncertainty around the effects of climate change. There is also a need for lowland conifer guidelines. Top priority is red pine. Doug would like to highlight the climate change issue in the guidelines. Discussion of alternative ways to get the guides prepared soon – problem is that we must add the management direction for Michigan which compromises having the guidelines developed externally.
  - **Approved Decision**: FRD Silviculturalist add some basic information about climate change impact to the aspen silvics guide. Provide the link to the guidelines to the two management teams and seek approval at the next joint FRD-WD management team meeting in March.
  - **Responsible Manager**: Debbie Begalle

- **Due Date**: March 16, 2015.

- Shingleton OFI 41-2014-4 concerns reforestation of difficult to regenerate stands following beech salvage. This particular observation came about from a failed attempt at spraying beech regeneration to knock it back and allow other species to fill in. The failure of the treatment is not unique to this management unit and is something for which a much broader solution is required.
    - **Discussion Points**: Maybe suggest the issue with beech regeneration as a potential PERM project. Discussion of the silviculture and regeneration team – need to wait for the new silviculture specialist. Consider a project with input from WD, FRD and PRD.
    - **Approved Decision**: Consider future revisions to the hardwood silviculture guide based on Mike Walter's latest work. Continue to experiment with options. The team will suggest some potential options to try in the field. Task the TMS's with evaluating the scope of the issue for beech. Someone will need to submit a potential PERM project suggestion in the absence of the Silviculturalist. Options for field testing should be suggested after next Silviculture and Regeneration Team quarterly meeting and costs need to be considered in the next budget process, as well as the scope of the issue.
    - **Responsible Manager**: Forest Planning and Operations Section Manager (FRD Silviculturalist, working with the Silviculture and Regeneration Team).
    - **Due Date**: PERM suggestions February 3, 2015. Silviculture and Regeneration Team work by October 1, 2015.

- Shingleton OFI 41-2014-5 concerns monitoring of stands prescribed for natural regeneration until adequate regeneration is achieved, but where no monitoring of natural or artificial regeneration was occurring within deer exclosures. It may be advantageous to monitor cedar regeneration in the exclosures to better quantify the effects of excluding deer on cedar. This type of 'experiment' is duplicated on other forest management units and lack of monitoring is a common shortcoming. If staff are going to go to this level of effort and cost, the 'experiment' should have a proper design including a monitoring plan and at least periodic reports. Without monitoring and reporting, the adaptive management and lessons learned values are lost.
    - **Discussion Points**: The Shingleton example may have been done to re-establish cedar – it was not an experiment. There is a Silviculture Project Abstract Page that is intended to track unit level silviculture projects, but it is not being used.
    - **Approved Decision**: Remind staff to use the Silviculture Project Abstract Page to maintain documentation of regeneration. Send out a note to staff as a reminder.
    - **Responsible Manager**: Dennis Nezich, Penney Melchoir and Anna Sylvester
    - **Due Date**: April 30, 2015.

2.2 Use of Pesticides and Other Chemicals

- Chemical derogations. This is a carryover from the 2014 Management Review Report. The state silviculturalist was to continue to review and recommend changes to work instruction 2.2 and the Pesticide Application Permit focusing particularly on the public notification procedures. Revisions to the work instruction were completed and included in the revisions to the full set; however, the forms have not been posted for field use.
    - **Discussion Points**: No discussion.
    - **Approved Decision**: Ensure forms are posted for staff use and notify the field staff.
    - **Responsible Manager**: FRD Forest Planning and Operations Section Manager
    - **Due Date**: February 28, 2015

- The list of approved chemicals needs to be updated to account for current derogations.
    - **Discussion Points**: The list of approved chemicals needs to be updated in Work Instruction 2.2.
    - **Approved Decision**: Update, post and communicate to staff.
    - **Responsible Manager**: Forest Certification Coordinator
    - **Due Date**: June 1, 2015.

2.3 Integrated Pest Management and Forest Health

- No identified issues.

Work Instruction Group 3: Best Management Practices

3.1 Forest Operations

- Approval process for intrusive activities. This is a carryover from the 2014 Management Review Report. There were several recommendations resulting from the management review and although some have been addressed, there are still some that are being carried over to the 2015 management review. The items being carried over included the need for interim guidance related to the forest treatment proposal process; inclusion of the procedures for updating inventory records and for preparing forest treatment proposals and completion reports in the Michigan Forest Inventory user manual rather than in a policy and procedure document; updating Work Instruction 3.1 to reflect the new activity tracking process in the MiFI system; and interim guidance regarding intrusive activities.
    - **Discussion Points**: There may no longer be a need to develop and provide interim guidance. The need for an FTP tracking database has not risen to the top of the priority list. Now that MiFI is operational, it may be time to revive this task and assign for completion. MiFI manual is being prepared now.
    - **Approved Decision**: Develop and assign to the MiFI committee (Jason Stephens and Brian Maki).
    - **Responsible Manager**: David Price and Dave Forstat
    - **Due Date**: December 31, 2015.

3.2 Non-Conformance Reporting

- This is a carryover item from the 2014 management review. The Forest Planning and Operations Section was to provide best management practice refresher training for foresters and wildlife biologists regarding management of riparian management zones and vernal pools, but this training did not happen.
    - **Discussion Points**: There were two CARs last year related to the need for staff to follow the BMPs. Some training was provided in the UP. There may be a need for more training, particularly in the NLP.
    - **Approved Decision**: Take advantage of any opportunities to include this as a training session or use a GoToMeeting, although adding a field trip is an important consideration.
    - **Responsible Manager**: Bill Sterrett and Steve Milford
    - **Due Date**: October 1, 2015

3.3 Road Closures

- No identified issues.

Work Instruction Group 5: Research

5.1 Coordinated Natural Resource Management Research

- Field staff are aware of some research activity in the MA or FMU, but was unaware of the results, where to find the research summary or the relationship of the research results to their work. The research summary could benefit from a reformatting that includes the purpose of the research and how the results might apply to on-the-ground management in the unit or beyond. The research summary currently includes only the topic title and the lead researcher. There is currently no value added in the summary.
    - **Discussion Points**: Consider adding the internal informal studies and trials.
    - **Approved Decision**: Revise the work instruction requirement for the content of this summary to improve the value added.
    - **Responsible Manager**: Forest Planning and Operations Section Manager
    - **Due Date**: June 1, 2015

Work Instruction Group 6: Recreation and Education

6.1 Implementing Public Information and Educational Opportunities

- No identified issues.

6.2 Integrating Public Recreational Opportunities with Management

- No identified issues.

6.3 Sustainable Forestry Initiative Involvement and the Implementation Committee

- No identified issues.

Work Instruction Group 7: Integrated Implementation and Contracting

7.1 Timber Sale Preparation and Administration Procedures

- Personal Protective Equipment requirements – This is a carryover item from the 2014 management review. The FRD Timber Sales Specialist was to work with the FRD unit managers and the PRD Safety Specialist to review potential changes to personal protective equipment requirements on active timber sales and make recommendations regarding changes to the Field Coordinator by July 1, 2014. Implementation of this recommendation did not get underway until December of 2014.
    - **Discussion Points**: There is no consensus on a recommendation. MIOSHA rules tend to apply to the equipment operators. The safety committee with some ad hoc additions reviewed this issue at the direction of the management review team and made a recommendation. The management review team reviewed the recommendation and examined the difference of opinions and decided to leave the work instruction intent “as is” with some revision of the wording.
    - **Approved Decision**: The Management Review Team reviewed the issue and decided to err on the side of safety, as it is not unreasonable to require the use of the safety equipment as intended in the Work Instruction 7.1. Clarify the wording in the work instruction to make this explicitly clear.
    - **Responsible Manager**: Forest Planning and Operations Section Manager and Timber Sale Specialist
    - **Due Date**: June 1, 2015.

7.2 Legal Compliance and Administration of Contracts

- No identified issues.

Work Instruction Group 8: Training

8.1 Staff Training for State Forest Management

- Staff training continues to be an issue (Pigeon River Country minor NCR 53-2013-06 and Gaylord minor NCR 52-2014-06) in regards to staff training information not being recorded or not submitted for recording in the training records database in a timely fashion. There is a lack of understanding about the performance appraisal/review system, as well as inconsistent use. There is a poor understanding of core training requirements among staff and managers. Also, PRD has a decentralized system for tracking training that is unlike the centralized system used by the other divisions. It also seems that many of the minor non-conformances and opportunities for improvement are based on poor training. The entire training program for the DNR needs to be reviewed and assessed in conjunction with the Training Advisory Team.
    - **Discussion Points**: There was much discussion over this issue covering the write-up of the observed Pigeon River Country non-conformance, initially assigning it as a major non-conformance and issuing it against three chiefs. There is a new online system coming that track training in the Human Resource Management Network (HRMN), and allow the documentation of training events directly by staff, the details of which will be coming soon. Local documentation issues have been addressed.
    - **Approved Decisions**:
        - The Training Advisory Team should review Work Instruction 8.1 to suggest whether or not it can be revised to better align with the new HRMN training tracking system.
        - The Forest Certification Planner should close the Pigeon River Country minor NCR 53-2013-06 and follow up with auditors on what was changed and why.
    - **Responsible Manager**: David Price
    - **Due Date**: February 1, 2015 for closing of the NCR and June 1, 2015 for any changes to Work Instructions 1.2 and 8.1.

Work Instruction Group 9: Tribal

9.1 Collaboration with Tribes Regarding Management of State Forest Land

- No issues identified.

VI. ASSESSMENT OF THE EFFECTIVENESS OF WORK INSTRUCTIONS

The implementation of forest management and operations on the Michigan state forest is governed by a suite of 20 work instructions that are divided into eight categories. Internal audits assess management and operations against the requirements of all work instructions. External audits assess management and operations against the indicators in the two certification standards which are aligned with the work instructions.

The 2014 internal and external audits resulted in 26 issues categorized as minor non-conformances, opportunities for improvement and observations. These issues were related to 12 of the 20 work instructions. The Plan, Monitor and Review work group had 10 issues; Forest Regeneration and Chemical Use had four; Best Management Practices had three; Research had four (although there was really only one issue with a non-conformance issued in each of three management units); Recreation and Education had one; Integrated Implementation and Contracting had two; Training had one; and Tribal had none.

Work Instruction 1.4, Biodiversity Management on State Forest Lands had one non-conformance, two corrective action requests, two opportunities for improvement, and one observation suggesting that there is much to do in terms of improving conformity to the elements of the work instruction. Similarly, Work Instruction 2.1 had three issues, two of which were opportunities for improvement; and Work Instruction 3.1 had three opportunities for improvement. The Research related work instruction (5.1) had four issues, but the three NCRs were for the same issue. There was also one opportunity for improvement.

The need for improved management related to the issues is discussed in Section V and Approved Decision will be identified during the management review meeting. Closed NCRs are discussed in Section IV above. Only two non-conformances and the two corrective action requests remain open.

A review of the audit findings across the ten years (2005 – 2014) that internal audits have been conducted in Michigan shows some rather interesting results (Table 1). The review compares total audit findings and findings categorized as major non-conformances, minor non-conformances and observations or opportunities for improvement for the 2005-09 period and the 2010-14 period, recognizing that there was a noticeable improvement in the second five-year period when compared to the first five years. However, the issues that garnered the most audit findings in the second five-year period are the same as those in the first five years, despite an overall improvement in the number of findings (Figure 1).

Although there has been a significant overall improvement in the implementation of the work instructions, particularly with respect to major non-conformances (Table 1), the issues in the second five-year period mirror the issues in the first five-year period (Figure 1). The work instructions that correspond to the major issues are related to biodiversity management, reforestation, forest operations, best management practices, timber sale preparation and administration and legal compliance related to contracts (Table 1, green highlights). A more detailed look at the results shows that most of the first group of work instructions, related to

planning, review and monitoring, needs further attention in terms of compliance with the direction in the work instructions (Table 1, yellow highlights). Work instructions 5.1, Research and 6.2, Integration of Public Recreation Opportunities, have the potential to become larger issues (Table 1, orange highlights).

These findings could and should be used to focus the internal audits and improvements to the management framework.

Given the number and distribution of the issues throughout the work instructions, it is arguable as to how effective the work instruction implementation actually is, and it definitely suggests that continual improvement is warranted.

Table1.1 Comparison of Internal Audit Findings for 2005-9 Period & 2010-14 Period for Michigan State Forest (unpublished DNR data).

Work Instruction	Major Non-Conformance		Minor Non-Conformance		Observation or Opportunity for Improvement		Total		
	2005-9	2010-14	2005-9	2010-14	2005-9	2010-14	2005-9	2010-14	2005-14
1.1	9	0	10	4	8	4	27	8	**35**
1.2	9	0	12	0	6	12	27	12	**39**
1.3	13	2	9	3	6	4	28	9	**37**
1.4	11	0	12	11	11	8	34	19	**53**
1.5	3	0	10	1	1	1	14	2	**16**
1.6	10	0	9	3	4	0	23	3	**26**
1.7	6	0	6	2	2	0	14	2	**16**
2.1	7	0	11	8	9	8	27	16	**43**
2.2	3	0	8	1	9	5	20	6	**26**
2.3	6	0	11	2	7	0	24	2	**26**
3.1	9	0	9	9	20	14	38	23	**61**
3.2	6	0	16	6	9	4	31	10	**41**
3.3	7	0	9	2	6	2	22	4	**26**
5.1	6	0	10	4	8	4	24	8	**32**
6.1	0	0	11	4	0	0	11	4	**15**
6.2	7	0	12	2	5	6	24	8	**32**
6.3	0	0	8	0	1	1	9	1	**10**
7.1	9	0	12	6	25	10	46	16	**62**
7.2	0	0	10	1	11	6	21	7	**28**
8.1	7	0	11	4	11	8	29	12	**41**
9.1	3	0	6	0	6	0	15	0	**15**
Total	**131**	**2**	**212**	**73**	**165**	**97**	**508**	**172**	**680**

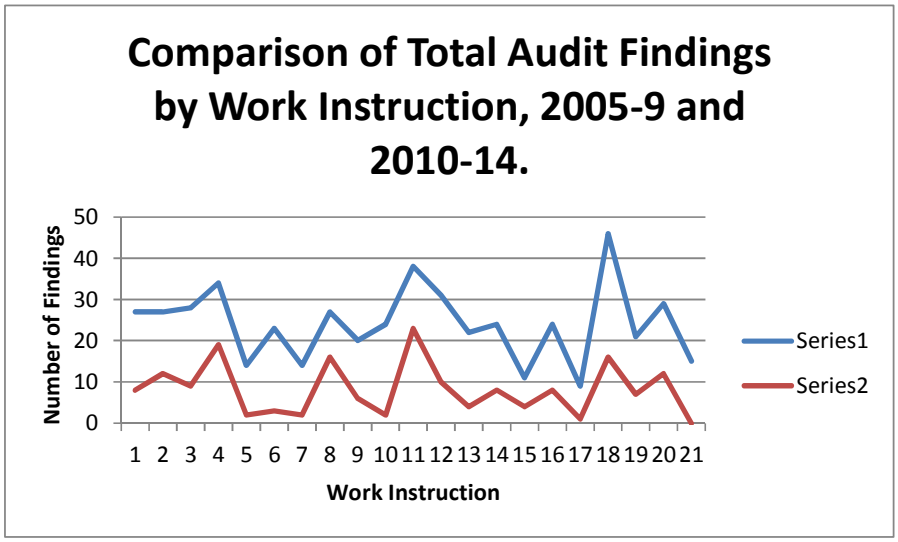

Figure1.1 Graphical Comparison of Audit Findings by Major Category & WI for 2005-9 (series 1) & 2010-14 (series 2) Periods in Mich (unpublished DNR data).

VII. 2015 AUDIT SCHEDULE

1. Internal Audits

2015 internal audits will be conducted on the Baraga, Atlanta, and Cadillac Forest Management Units.

2. External Audits

2015 is scheduled to be a Forest Stewardship Council re-certification audit, and a Sustainable Forestry Initiative surveillance audit. However, since the SFI 2015-2019 Forest Management Standard has been released, it is recommended that we schedule a SFI recertification audit a year early. Both recertification audits will be conducted simultaneously during the week of September 28 - October 2, 2015. The auditors have selected four NLP FMUs for the 2015 re-certification audit, specifically the Gladwin, Traverse City, Atlanta and Gaylord FMUs.

Appendix I - Review of Internal Audit Process

Discussion Items:

1. Discontinue internal audits. This would require a major revision to the work instructions and would likely run afoul with certification standards, particularly those standards that require a continuous improvement process. Although this would likely be favored by some staff as suggested by the staff survey results, it would be criticized by the majority. It would remove the opportunity for staff training and refreshment of work instructions leaving staff somewhat unprepared for the external audits. External audits would likely become stricter and result in more corrective action requests. It would also seriously impact our ability to measure compliance with sustainable forestry policies and procedures and ultimately compromise our ability to assess progress towards sustainable forest management. This option is not recommended.

2. Present format, unchanged. This format has worked well since its inception along with the original dual certification and is somewhat of an industry standard. It parallels the external audit and is very useful in preparing staff for the external audit. Staff are familiar with the process and the staff survey showed that there would be support for its continued use. On the other hand, some staff believe that this format has run its course and is no longer needed to prepare staff for the external audit. There was also some concern about the focus: too much on paperwork, too nitpicky, took too much time to organize and implement, it missed some important aspects of implementation (i.e. silviculture and regeneration) and it had transpired into a witch hunt by the auditors. There is also some evidence to suggest that operations have improved and are consistent enough to warrant a change in focus for the audits.

3. Present format, modified. This option would take the existing audit format and modify it to address some of the shortcomings identified above. One suggestion would be to switch to a single lead auditor in any given year to provide more consistency across all three or four audit teams and may help to keep the audit from being nitpicky. Using a common lead auditor would help to address issues related to consistency of application and undue or unwarranted issues with audit focus. Another suggestion might involve novel ways to review planning and record-keeping processes at work in field operations through more office based presentations and discussions to get away from the audit convoy. Then, the field site visits become more focused to on-the-ground activities like silviculture, wildlife habitat treatments and resource damage reports (for example).

4. A themed approach. This option would replace the current Option #2. The themed approach would use an audit team composed of trained auditors and specialists to look at themes and how they were being addressed at the statewide scale. These issues would be focused on one or more specific work instructions that were identified by the management review. Using this option as the exclusive technique would contribute to the desire for continual improvement in management, but would not contribute to external audit preparation or refreshing memories of the work instructions. There was little support for this as the sole audit format based on the staff survey.

5. Combine present format and themed approach. This would take the positive aspects of both options and combine them, thus keeping the present audit format to prepare staff for the external audit and act as a refresher on the work instructions, as well as adding a more focused and at the same time far reaching audit of none, one or more themes in any given year as recommended by the management review. There was some indication in the staff survey that suggests that staff would be somewhat supportive of this approach and it would deal with some of the concern over the focus of the present audit format. This approach would mean a larger workload for some audit

staff and specialists, but would make a useful contribution to continual improvement in management. There is support for this option among present audit staff.

6. A variation on the themed approach would focus on identified management issues. This option would see the issues coming from the audits and approved of action by the management review through work assignments. This approach would be particularly useful in addressing recurring issues such as herbivory, regeneration of hardwoods to desirable species or invasive species management, for example. After some discussion of this, we decided that this was not really an audit topic – we already knew that there was a problem and what we were after was an improvement to management and not more problem assessment in terms of auditing.

7. Modification to the existing format. This modification would have a small working group go through the work instructions and identify gaps that exist between the present QAQC and what is directed by the work instructions. The assessment of the work instructions would focus on the identification of processes and steps that should or could be checked as part of the QAQC process carried out by the variety of specialists. The QAQC process could also be expanded to include post sale assessments. The specialists should be checking things as part of QAQC and if a report could be generated, it could be used to inform the audit. Having the auditors duplicate a lot of this effort is redundant and somewhat a waste of time. Part of the work instruction analysis would focus on the roles and responsibility section of the work instructions and would likely result in an improvement to this section over the current level of detail. The field audit then could be modified to focus on the problems found during the QAQC process. This would be a refinement in what we currently do and would help to keep implementation current across the state which would allow us to focus the audit more towards what is actually happening on-the-ground. Although this would make the QAQC process far more robust, it would need to be done in such a way as to minimize any increase in the workload for specialists. In considering the break-even point for effort, we would need to assess what we are doing now and what this would mean in terms of change. Any increase in workload must be balanced against the quality of the end product. The field audit could be used to capture what is missing or close the gap between the present QAQC process and what is suggested by the work instruction analysis.

Internal Audit Options:

After a great deal of discussion, the group is proposing the following list of options and a clear recommendation for consideration and discussion at the January 22nd management review meeting. The first question to be asked is whether or not we want to continue the internal audit. Although the team charged with looking at audit improvements considered the option of discontinuing the internal audits, it recommends that this is not really a viable option as the internal audit is intended to guide continuous improvement in our management system.

- **Option #1** – Continue the audits and consider the following recommendations for improvement.
    - List of potential modifications for improvement (choose none, some or all):
        a. Use the same lead auditor for all audits or have the certification specialist attend and guide all internal audits. This will provide for consistency in approach and will allow themes developed by the sequential nature of each audit. The current approach with different lead auditors does not allow themes to develop.

b. Add a component based on issues from previous audits. These can be discussed at the management review and the Approved Decision can include the assignment of a task team to do a more complete assessment outside the audit format.
c. Revise the office/paper work portion to make more efficient:
    - Assess the work instructions and the QAQC process.
    - Re-focus QAQC to reduce office/paper work portion of internal audit and focus more on the field work.
    - Focus audits on gap between QAQC and work instruction direction.
    - Change the field audit portion to something more streamlined and focused.

- **Option #2** – Change the audits to focus on one or more themes. The themes would be related to one or more work instructions and would change from year to year rather than focusing on the full suite of work instructions each year. This option would also focus the themes on a larger suite or the full suite of management units in any given year. Under this option, the audit team could also consist of specific specialists related to the themed suite of work instructions.
- **Option #3** – Combine options 1 and 2.

Option #1 is recommended by the working group.

Appendix II - Forest Certification Team

Purpose:

The Executive Committee of the Forest Certification Team (FCT) is responsible for making higher level decisions for issues such as the review and implementation of FSC and SFI Forest Management Standards, which do not require the attention of the entire FCT.

The FCT is responsible for:

1. Review and provide recommendations for revisions to Forest Certification Work Instructions to the Management Review Team;
2. Developing recommendations for addressing internal and external audit findings to the Management Review Team; and
3. Supporting the Management Review Team by identifying other opportunities and actions to improve sustainable management of forest resources and conformity with certification standards.
4. Provide input to the themes or issues for focus of the internal audits.

Current Membership

Executive Committee:
Debbie Begalle, FRD Assistant Chief
Vacant, FRD Forest Planning and Operations Section Leader
Penney Melchoir, WD Field Coordinator
Dennis Nezich, FRD Field Coordinator
David Price, FRD Forest Planning and Inventory Unit Supervisor
Steve Scott, FD Lake Superior Basin Coordinator
Anna Sylvester, PRD Field Coordinator

Other Team Members:
Mike Donovan, WD Resource Specialist
Lisa Dygert, FRD Resource Specialist
Jim Ferris, FRD Gwinn Forest Management Unit Manager - Retired
Kerry Fitzpatrick, WD Habitat Specialist
Scott Jones FRD Forest Management Planning Specialist
Keith Kintigh, WD Wildlife Ecologist
Ron Murray, FRD Forest Health and Monitoring Unit Manager
Patrick Ruppen, FRD Forester
Jeff Stampfly, FRD West UP District Supervisor

Proposed Revised Membership

Executive Committee:
Debbie Begalle, FRD Assistant Chief
Vacant, FRD Forest Planning and Operations Section Leader
Penney Melchoir, WD Field Coordinator
Dennis Nezich, FRD Field Coordinator
David Price, FRD Forest Planning and Inventory Unit Supervisor/Forest Cert. Coordinator
Steve Scott, FD Lake Superior Basin Coordinator
Anna Sylvester, PRD Field Coordinator

Lt. Glenn Gutierrez, LED District 5 Supervisor

Other Team Members:
Scott Jones FRD Forest Management Planning Specialist
Mike Donovan, WD Resource Specialist
Lisa Dygert, FRD Resource Analyst
FRD District Supervisor
FRD Forest Management Unit Manager
Forester
Wildlife Biologist
Fisheries Biologist
Recreation Specialist
Conservation Officer
Forest Health Specialist
Fire Officer/Supervisor