

Michigan DNR Forest Certification Internal Audit Report

FMU: Traverse City

Internal Audit Dates: June 22-24, 2011

Internal Audit Summary Date: June 24, 2011

Audit Report Finalized 9-12-11

Lead Auditor: Jim Ferris

Internal Auditors: David Price, Gary Roloff, Eric Thompson

Comments:

The internal audit of the Traverse City FMU was conducted June 22-24, 2011. The scope of the audit was State Forest Land (SFL) within the Traverse City FMU. The audit criteria were the April 6, 2010 version of the Work Instructions (WIs) and all supporting DNR policy, procedures, rules, management guides, guidance documents, plans, and handbooks that were relevant to the management of SFL. On Wed, June 22, separate, detailed lists of audit sites and routes were established for both the Kalkaska and Traverse City areas based on record searches and interviews with staff. Separate opening meetings were held with the participants on Thursday morning at Traverse City and Kalkaska Offices. Subsequently, the audit moved to 19 different sites of MDNR field management activities that were generally located throughout the unit on Thursday. Friday morning was spent reviewing the audit findings, conducting follow-up interviews and reviewing documents as needed. The audit team gathered evidence to determine work instruction conformance through interviews, document review and field observations. A closing meeting was held on Friday at 1:00 pm.

The internal audit team appreciated the cooperation, involvement, and openness of the Traverse City Unit staff. The audit team was impressed with the field conditions of all timber harvest units, within stand retention and the efforts made to provide a wide range of natural resource values to the public. It was obvious from our observations that multiple resource values are being considered and appropriately addressed during the administration of timber sales and other programs. The auditors noted the excellent working relationships between divisions, particularly between FMD and WLD.

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.

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.

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.

MDNR's internal audit review process (WI 1.2) requires a record, evaluation, and report of non-conformances with forest certification standards and related WI at all levels of the Department. As part of that process, we documented the Unit's conformity with policy, procedures, management review decisions, and WIs. Results of our audit have resulted in 1 major non-conformance, 3 minor non-conformances, and 2 opportunities for improvement. Non-conformances are documented on the Non-conformance Report forms (NCR Form 4502) below, followed by a list of opportunities for improvement (OFI's).



2011 INTERNAL AUDIT NON CONFORMANCE REPORT

Unit Name Traverse City		Site location Comp 20, FTP W-61-520		Non Conformance Report Number (Unit Code - yyyy - #) 61-2011-1	
Lead Auditor Jim Ferris		Team Member(s) David Price, Gary Roloff, Eric Thompson			
Date (mm/dd/yyyy) 6/23/2011		Work Instruction or Standard and Clause Number 1.2 (Mgmt review process) 3.1 (Forest Operations)			
<input type="checkbox"/> Major <input checked="" type="checkbox"/> Minor		Other Documents (if applicable)		Responsible Manager(s) (Person identified by the internal audit team who implements the corrective action): WLD District Supervisor	
Requirement of Audited Standard/ Work Instruction: 1.2. DNR District Supervisors must monitor implementation of internal audit corrective action plans, and report pending or continuing non-conformance at the annual management review. 3.1. FMD, Fisheries, and Wildlife Divisions will review and approve all intrusive operations performed or permitted by any DNR division on State Forest lands at appropriate level(s), and these approvals will be documented. Documentation of completed FTPs will be kept in the compartment file, and forest inventory records will be updated annually.					
Observed Nonconformity: A NCR for lack of completions for FTP's was written against the Traverse City Unit in the internal audit of 2007; "Treatments on FTP's W61-410 & W62-692 were completed but no completion reports (R4048-1) were filed." TC Internal audit report, (7/11/2007). The WLD District Supervisor did not ensure implementation of the corrective action plan as detailed in the 2007 internal audit report, "A system has been developed both by FMFM and the local WD unit to track FTPs and make sure that all signatures have been obtained and that all reports have been completed. The WD supervisor will check with unit staff on a regular basis to make sure that WLD FTPs are being correctly handled." FTP W-61-520 was observed in the field to be complete but no completion report exists. Acting WLD biologist stated that FTP completions are not being done for WLD FTPs.					
Root Cause Analysis (Describe the cause of the problem): Prepared by and date: Steve Griffith, 8-01-2011 The monitoring system that was developed after the 2007 internal audit failed to be implemented regarding FTPs initiated by Wildlife Division.					
Corrective Action – (To be completed by the Unit and relevant Divisions): Prepared by and date: Steve Griffith, 8-01-2011 Completion report for W61-520 has been completed. Acting Wildlife Biologist has developed an Excel spreadsheet to track all Wildlife Division prescribed FTPs from initiation to completion.					
Proposed Completion Date (mm/dd/yyyy): 10-1-11 Responsible Manager (RM): Rex Ainslie, 9-9-11 RM Signature Email approval Date 9-9-11					
Dave Lemmien Email approval 9-9-11 _____ FMD Unit Manager Signature Date			Bill Sterrett Email 9-9-11 _____ FMD Dist Supervisor Signature		
CORRECTIVE ACTION PLAN ACCEPTED Forest Cert Specialist: Dennis Nezich Date 9-12-11					
Actual Completion Date (mm/dd/yyyy): Responsible Manager: Date:					

Verified by:			Closed by:		
_____	_____	_____	_____	_____	_____
Responsible Mgr Supervisor	Signature	Date	FMD FC Specialist	Signature	Date
Follow Up Comments					



2011 INTERNAL AUDIT NON CONFORMANCE REPORT

Unit Name Traverse City	Site location No specific location	Non Conformance Report Number (Unit Code - yyyy - #) 61-2011-2
Lead Auditor Jim Ferris	Team Member(s) David Price, Gary Roloff, Eric Thompson	
Date (mm/dd/yyyy) 6/24/2011	Work Instruction or Standard and Clause Number 1.3 – Regional State Forest Management Plan Development; 1.2 – Management Review	
<input checked="" type="checkbox"/> Major <input type="checkbox"/> Minor	Other Documents (if applicable)	Responsible Manager(s): Statewide Council Chair. Note: This is being written against the Statewide Council (SWC) Chair because the SWC has no current timeline and direction for completion of the plan (BSA's).
Requirement of Audited Standard/ Work Instruction: 1.3 - The deadline for completion of Regional State Forest Management Plans was March 2011. 1.2 – District Supervisors have the responsibility to monitor implementation of internal audit corrective action plans, and report pending or continuing non-conformances at the annual management review.		
Observed Nonconformity: The NLP Regional State Forest Management Plan was not completed by March 2011. This is a continuing non-conformance, dating from the 2007 internal audit of the TC FMU (Ref: NCR 61-2007-02).		
Root Cause Analysis (Describe the cause of the problem): Prepared by and date: Prepared by and date: David Price (July 19, 2011) The October 15, 2008 approved timeline delayed completion of Regional State Forest Management Plans to allow the incorporation of Biodiversity Stewardship Areas (BSAs) into the plans. The designation of BSAs has now been delayed, and a revised timeline for completion of plans is now required.		
Corrective Action – (To be completed by the Unit and relevant Divisions): Prepared by and date: Prepared by and date: : David Price (July 19, 2011) Statewide council needs to approve a new timeline for completion of Regional State Forest Management Plans as part of a revision to Forest Certification Work Instruction 1.3.		
Proposed Completion Date (mm/dd/yyyy): October 15, 2011 Responsible Manager (RM): Russ Mason, SWC Chair RM Signature Email approval Date 9-7-11		
<u>Dave Lemmien</u> FMD Unit Manager	<u>Email approval</u> Signature Date	<u>9-9-11</u> Date
	<u>Bill Sterrett</u> FMD Dist Supervisor	<u>Email, 9-9-11</u> Signature
CORRECTIVE ACTION PLAN ACCEPTED Forest Cert Specialist: Dennis Nezych Date 9-12-11		
Actual Completion Date (mm/dd/yyyy): Responsible Manager: Date:		
Verified by:		Closed by:
<u>Responsible Mgr</u> Supervisor	<u>Signature</u> <u>Date</u>	<u>FMD FC Specialist</u> <u>Signature</u> <u>Date</u>
Follow Up Comments		



2011 INTERNAL AUDIT NON CONFORMANCE REPORT

Unit Name Traverse City		Site location No Specific Site		Non Conformance Report Number (Unit Code - yyyy - #) 61-2011-3	
Lead Auditor Jim Ferris		Team Member(s) David Price, Gary Roloff, Eric Thompson			
Date (mm/dd/yyyy) 6/23/2011		Work Instruction or Standard and Clause Number 1.3 – Regional State Forest Management Plan Development; 1.2 – Management Review			
Major X Minor		Other Documents (if applicable)		Responsible Manager(s) (Person identified by the internal audit team who implements the corrective action): FMD WNLP District Supervisor	
Requirement of Audited Standard/ Work Instruction: 1.3 - All DNR staff will have an opportunity for input and need awareness of regional planning processes. 1.2 – District Supervisors have the responsibility to monitor implementation of internal audit corrective action plans, and report pending or continuing non-conformances at the annual management review.					
Observed Nonconformity: The last interaction between FMU staff and the District IPS regarding development of the NLP Regional State Forest Management Plan was in 2008 when Management Area (MA) boundaries were being determined. TC FMU staff had no to very limited opportunity for input regarding cover type management direction for MAs within the TC FMU.					
This is a continuing non-conformance, dating from the 2007 internal audit of the TC FMU (Ref: NCR 61-2007-02).					
Root Cause Analysis (Describe the cause of the problem): Prepared by and date: Bill Sterrett, July 11, 2011 The NLP Regional Plan has been a work-in-progress for significantly longer than expected. The most recent delay was the proposed inclusion of Biodiversity Stewardship Areas which will now not be included as a part of the first edition of the NLP Regional Plan. Based on the tentative nature of the plan, field involvement was delayed until better direction could be provided.					
Corrective Action – (To be completed by the Unit and relevant Divisions): Prepared by and date: Bill Sterrett, July 11, 2011 Now that clear direction has been established for the plan, the FMD District Planning Specialist, in cooperation with FRM Planning Unit Staff and the other District Planners, should coordinate a series of meetings with all unit staff to both update plan development and solicit input and direction from field staff on all aspects of the plan, specifically the Management Area concepts, management goals, physical layout and updating the database which are used in compilation of the Mgt. Areas. The goal is full staff involvement in development and understanding of the NLP Regional Plan.					
Proposed Completion Date (mm/dd/yyyy): Responsible Manager (RM): Bill Sterrett					
RM Signature		Email Approval		Date 9-9-11	
<u>Dave Lemmien</u> FMD Unit Manager		<u>Email approval</u> Signature		<u>9-9-11</u> Date	
				<u>Bill Sterrett</u> FMD Dist Supervisor	
				<u>Email, 9-9-11</u> Signature	
CORRECTIVE ACTION PLAN ACCEPTED					
Forest Cert Specialist: Dennis Nezych Date 9-12-11					
Actual Completion Date (mm/dd/yyyy): Responsible Manager: Date:					
Verified by:			Closed by:		
<u>Responsible Mgr Supervisor</u>		<u>Signature</u>		<u>FMD FC Specialist</u>	
		<u>Signature</u>		<u>Signature</u>	
		<u>Date</u>		<u>Date</u>	
Follow Up Comments					



**2011 INTERNAL AUDIT
NON CONFORMANCE REPORT**

Unit Name Traverse City		Site location Comp 61, Dubonnet Trail sale		Non Conformance Report Number (Unit Code - yyyy - #) 61-2011-4	
Lead Auditor Jim Ferris		Team Member(s) David Price, Gary Roloff, Eric Thompson			
Date (mm/dd/yyyy) 6/23/2011		Work Instruction or Standard and Clause Number 3.1 (Forest operations), 2.2 (Use of pesticides)			
<input type="checkbox"/> Major <input checked="" type="checkbox"/> Minor		Other Documents (if applicable)		Responsible Manager(s) (Person identified by the internal audit team who implements the corrective action): FMD Unit manager	
Requirement of Audited Standard/ Work Instruction: 3.1. FMD, Fisheries, and Wildlife Divisions will review and approve all intrusive operations performed or permitted by any DNR division on State Forest lands at appropriate level(s), and these approvals will be documented. Documentation of completed FTPs will be kept in the compartment file, and forest inventory records will be updated annually. 2.2. When a Forest Treatment Proposal (FTP) (R-4048) requiring a pesticide application is approved, complete a Pesticide Application Plan (PAP, R-4029). Attach the PAP to the FTP.					
Observed Nonconformity: At the Lake Dubbonet Trail Camp oak wilt treatments (vibratory plow and herbicide treatments of stumps) were not supported with the proper documentation – FTP, PAP, PEUR, FTP completions.					
Root Cause Analysis (Describe the cause of the problem): Prepared by and date: Dave Lemmien, 8-8-11 This project was coordinated by the Forest Health Specialist. The FHS bid out the project to contractors to come in and apply herbicide thus the Unit was under the impression that the FHS handled all steps in the process.					
Corrective Action – (To be completed by the Unit and relevant Divisions): Prepared by and date: Dave Lemmien, 8-8-11 When an intrusive activity takes place within the Unit, no matter who is coordinating the efforts, the Unit will handle all paperwork.					
Proposed Completion Date (mm/dd/yyyy): 07/01/2011 Responsible Manager (RM): Dave Lemmien RM Signature Email approval Date 9-9-11					
Dave Lemmien Email approval 9-9-11 _____ FMD Unit Manager Signature Date			Bill Sterrett Email, 9-9-11 _____ FMD Dist Supervisor Signature		
CORRECTIVE ACTION PLAN ACCEPTED Forest Cert Specialist: Dennis Nezych Date 9-12-11					
<hr/> Actual Completion Date (mm/dd/yyyy): Responsible Manager: Date:					
Verified by: _____ Responsible Mgr Supervisor Signature Date			Closed by: _____ FMD FC Specialist Signature Date		
Follow Up Comments					

Opportunities for Improvement

W.I. 1.4 Biodiversity Management on State Forest Lands: In Wheeler Lake Aspen (61-046-08-01) we discussed the process for identifying and mapping retention patches. Unit staff and the auditors noted that there was no process for ensuring that retention patches along stand boundaries would persist through the stand rotation. Without some process for mapping retention patches over time, the patches along stand boundaries are vulnerable to harvest when adjacent stands are treated. An improved process for mapping retention patches would facilitate unit layout and ensure that retention patches are retained through the stand rotation.

WI 2.1 “Reforestation of difficult to regenerate stands or endemic species will be considered when stands are prescribed for harvest. Stand examiners need to make comments in the narrative section of OI or in IFMAP the Treatment database reflecting an acceptable species mix should the stand not regenerate to the management objective and this must be agreed to at compartment review.” Observation was a B6 stand with B as the management objective and comments indicating an approved acceptable species mix were not in the OI database.

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.