

Michigan Department of
Natural Resources

Management Review Report

January 30, 2007
(Submitted May 10, 2007)

DNR Management Review Field Meeting

January 30, 2007

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Invited Participants:

Field Coordinators FMFM, WLD
Fisheries Basin Coordinators
UP and NLP District Supervisors for FMFM, WLD, PRB, LED
Donna LaCourt
Dennis Nezich
Kim Herman
Cara Boucher
Larry Pedersen
David Price

I Background

A. SFIS Objective for Management Review and Continual Improvement

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*.

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.

Purpose of Management Review Meeting:

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

- a. Clear the SFI and FSC CARs and implement DNR 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. Identify related additional actions for continual improvement in management.
- e. Identify needed revisions to work instructions.

Background Information and Comments on Performance during previous year:

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). An annual SFI and FSC surveillance audit is required to maintain certification status.

"Forest certification is a continuous improvement system so there are always new challenges and opportunities to improve. It is clear to me that we will continue to meet the challenges that arise," said DNR Director Rebecca A. Humphries. "Every DNR employee works hard to conserve, protect and manage the resources that have been entrusted to us. Achieving and maintaining dual forest certification underscores our dedication to natural resources and citizens."

In 2006, two external SFI and FSC surveillance audits were conducted. One was a special, supplemental surveillance audit conducted in March; the other was the first annual surveillance audit which occurred in October. In addition, seven DNR internal audits were conducted throughout the summer as part of the DNR Management Review process.

SFI and FSC Supplemental Surveillance Audit (March 2006):

The FSC and SFI supplemental surveillance audit was conducted on March 8, 9 and 10. The FSC and SFI auditors were very focused on Corrective Action Requests (CARs) issued during the September 2005 certification audit. A lesson learned by DNR staff during this March audit is that we must pay close attention to addressing and clearing the CARs by established deadlines and be prepared to provide clear and concise documentation in regard to how we accomplish this.

It should be noted that the auditors also focused heavily on DNR staff familiarity and compliance with our forest certification work instructions. Field staff did an admirable job in this regard. The focus on ensuring

familiarity and compliance with work instructions will undoubtedly continue to be a focus of future external audits.

No new Corrective Action Requests (CARs) were written during this special surveillance audit.

DNR Internal Audits:

In compliance with Work Instruction 1.2, seven internal audits were conducted in 2006. The Forest Management Units audited included: Crystal Falls, Escanaba, Newberry, Shingleton, Traverse City, Grayling, and Roscommon. Based upon audit results, DNR lead auditors identified five “statewide” non-conformances (see Appendix B) that required focused attention during the 2006 Management Review.

First Annual Surveillance Audit (October 2006):

The first annual surveillance audit for the maintenance of Michigan’s forest certification was conducted in the Upper Peninsula during the week of October 23, 2006. This audit was conducted by Mr. Mike Ferrucci, representing SFI and Mr. Robert Hrubes and Mr. Sterling Griffin (new employee of Mr. Hrubes firm), representing FSC. In addition to the certification team, two FSC accreditation auditors observed the annual audit process on behalf of the FSC national and international organizations. Mr. Hans Achim Droste was the lead and is the Accreditation Program Manager for FSC world headquarters in Bonn, Germany and Mr. Bill Wilkinson is the Accreditation Auditor representing FSC in the United States

At the conclusion of the field portion of the audit, the certification auditors indicated the audit highlighted many positive activities the DNR has undertaken, and they recommend closure of all outstanding corrective action requests (CARs). It is rare for a public agency to close all CARs in its first annual audit. The certification auditors and the FSC accreditation auditors who were observing the process expressed their appreciation for the forthrightness and cooperative spirit of every DNR employee.

Excerpt from the SFI audit report:

“The Michigan DNR’s SFI Program was found to be in continuing conformance with the SFI Standard. The review during the October 2006 Surveillance Audit showed that the department has implemented the corrections for all of the previous non-conformances.”

“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 team found that the Michigan DNR has made significant improvements in its already strong performance by continuing to implement and improve its comprehensive management review program, by increasing resources devoted to management plan updates, by completion of a draft Michigan Statewide Forest Plan, and by creating special task forces to consider BMP and ORV issues.”

Excerpt from the FSC draft audit report:

“The overall impression formed by the audit team as a result of this surveillance audit is that Michigan DNR continues to be very earnestly and strongly committed to meeting its obligations as a FSC-certified forestland manager. Notably, DNR has now undergone three very substantive and demanding audits within a 12-month time period and in each instance has demonstrated strong improvement in the overall level of conformance to the Lake States Regional Standard. Most importantly, DNR has demonstrated solid efforts at closing out each of the corrective action requests (CARs) that were stipulated at the time of award of certification.”

“This focused effort has generated the tangible result of all 13 of the CARs issued at the time of award of certification are now closed as of the completion of the October surveillance audit. The audit team considers this to be truly commendable performance.”

“We wish also to memorialize in this report the fact that the FSC conducted an accreditation (shadow/witness) audit of SCS as part of our surveillance audit of Michigan DNR..... On the basis of the exit interview comments presented to both SCS and DNR representatives by the FSC auditors on October 27th, we are pleased to note in this report that FSC fully endorses the award of certification to the DNR for its management of the Michigan State Forests. FSC has informed us that, on the basis of their in-depth surveillance of our auditing of DNR, they are issuing no corrective action requests to SCS. This can rightly be construed as a clear endorsement of both SCS, in its role as an FSC-accredited certification body, and DNR, in its role as manager of a FSC-certified forest estate.”

Focus in 2007:

Forest certification is a continuous improvement system so there are always new challenges, new CARs, and opportunities to improve. Two new SFI CARs and five new FSC CARs were issued following the October 2006 surveillance audit. Addressing these seven external surveillance audit CARs, the five statewide non-conformances identified during the internal audits, and completing unfinished assignments from last years management review will be the focus of forest certification effort in 2007.

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.

Implementing Program Improvements:

1. Whenever possible, immediate changes will be made to remedy identified non-conformances.
2. The Forest Certification Implementation Team (FCIT) 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 Timeline for review of Management Review Summary:

- a) Field Coordinator Management Review Report sent to FMFM, WLD, FSHD, LED, and PRB Management Teams by Feb 28, 2007.
- b) Management Team comments due March 31, 2007 to Bill O’Neill who will review with the FCIT Executive Committee.
- c) Send to Statewide Council for approval by April 30, 2007.
- d) FMFM and WLD District supervisors and Fisheries Division Unit Managers will ensure implementation of management review decisions following approval by SWC.

Statewide non-conformances from 2006 internal audits (see Appendix C 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 several of the seven internal audits conducted in 2006, and which lead auditors and the Forest Certification Specialist identify 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 prepared by a lead auditor appointed by the FCIT. The NCRs identify root causes and corrective actions to clear these non-conformances. The FCIT reviewed these draft NCRs, modified proposed corrective actions where necessary, and approved a final version (see Appendix B).

Most significant Internal Audit non-conformances
bold indicates statewide non-conformance

WI	# FMUs w/NCRs	
1.1	3	Staff not aware of operational mgt guidance document or how it applies.
1.2	3	Upper levels of DNR mgt not meeting time deadlines from 2005 mgt review.
1.3	2	No involvement in developing ecoregional plans/staff uncertain of how it will apply.
1.4	4	Variable: lack of understanding of SCAs, no ecoregional biodiversity core teams ; lack of retention guidelines.
1.6	4	Pre-inventory meeting not held, late, or incomplete.
1.7	1	Staff not aware of trends report.
2.1	2	Inventory data coding issues in regard to forest regeneration.
2.2	3	WLD staff not familiar with WI requirements for approvals, lack of worker protection training.
2.3	2	No evidence of consideration of invasive exotics in management activities.
3.1	4	Intrusive activities not adequately approved. Unique areas need to be decertified. MNFI/SHPO.
3.2	5	Not all employees are consistently reporting observed resource damage.
3.3	3	Failure to exercise road closures or not following proper procedure.
5.1	4	Research report not published on time and not complete.
6.2	3	ORV damage issues. Campground with hazardous trees not closed.
7.1	7	Variable* items without a common cause. Most common was lack of PPE compliance by contractors.
7.2	2	Staff did not report an illegal blind. Timber Sale contractor doing requested work outside of sale area.
8.1	3	Incomplete or incorrect training records. Training plans (individual and core) not complete.
9.1	1	Tribes not notified of open house.

* WI 7.1 - additional items include lack of PPE use by DNR staff, treatment not matching prescription, inspection reports not completed by payment unit, rutting, spills, and inadequate stream buffer.

II. Decisions, direction, responsibility and time lines - FSC and SFI CARs are highlighted in yellow, and actions to clear these external CARs are in bold. (MR05) indicates a decision made as part of the Management Review of 2005 which is not fully implemented:

1. Remove select State Forest Land from scope:

Michigan state forest lands that are under lease to Luce County (~2,600 acres), and lands that are part of the Forest Fire Experiment Station (~6 K acres) and Houghton Lake Research area (~11 K acres) in Roscommon County, require evaluation as to whether they are within scope. Decisions:

- 1) It is recommended that state forest land under lease to Luce County be removed from scope. This land is not under direct control of the DNR, and is not managed in compliance with all forest certification work instructions. This land can be placed back in scope when leases expire.
- 2) It is recommended that the Forest Fire Experiment Station property remain within the scope of forest certification. It is also recommended that the property be designated a “special conservation area”, with research, development, and testing of equipment for fighting wildfires being the primary focus of management. Other management activity such as forest inventory, timber sales, public recreational use, wildlife management, etc. will continue to occur, with operations managed in compliance with DNR work instructions.
- 3) An unresolved issue with FMFM and WLD Management Teams regards the Houghton Lake Wildlife Research Area (~11 thousand acres) and other related state game, wildlife, and research lands. It is unclear based upon the original certification process and certification documents whether all state game, wildlife, and research areas within State Forest boundaries are to be certified. The question is whether these purchased properties located within the state forest boundary are within the scope of certification and, if so, whether that jeopardizes federal aid agreements.

Wildlife Division believes the Houghton Lake Research Area (and other similar properties) should be out of scope. They believe forest certification compromises federal requirements agreed upon at the time of acquisition.

FMFM division supports including wildlife areas located within the state forest boundary in the scope of certification, with designation of these areas as Special Conservation Areas so as to clearly communicate the wildlife management priority connected with the lands. FMFM division does not believe certification compromises acquisition requirements.

The management review process is designed to identify differences of opinions between divisions, and to resolve them if possible. In this case, however, consensus could not be reached. Clarity on this and other such lands at the Department level would be helpful. We suggest that this issue be elevated in the Department.

2. Work Instructions:

- 1) The FMFM Forest Certification Specialist will incorporate the following recommendations regarding changes to work instructions by March 31, 2007, forward to the FCIT for concurrence, and then forward to the Department Management Teams and SWC for review and approval.
- 2) Recommended revisions (most significant recommendations are in bold) to work instructions include:

WI

Recommendation for Revision or clarification of Work Instructions

1.1	<p>1) Reference SF Plan and its implementation.</p> <p>2) Delete guidance document table of contents.</p> <p>3) Update required leadership actions.</p> <p>4) Roles and Responsibilities: Supervisors must ensure staff have appropriate WI training.</p>
1.2	<p>1) Insert the following requirement into WI text, including the roles and responsibility section: “DNR District Supervisors must monitor implementation of internal and external audit corrective action plans that relate to field operations and report pending or continuing non-conformance at the annual management review”.</p> <p>2) Recommend four FMU Internal Audits per year rather than five.</p>
1.3	<p>1) Modify roles and responsibilities: Select field (FMU) staff shall be engaged in development of the audit plan. All staff need to be aware of the ecoregional planning process and to participate as a resource as needed. Implement the plan through on-the-ground operations.</p> <p>2) Revise (condense) plan outline.</p> <p>3) References to include: A comprehensive summary of the DNR planning process for Natural Resources Management in Michigan.</p>
1.4	<p>1) Incorporate IFMAP procedures into Sections 2 & 3 by referencing instructions regarding SCA, HCVA and ERA information found in the IFMAP operations manual.</p> <p>2) Update the Work Instructions to reference 2006 Rare Species Assessment Guidelines.</p> <p>3) Update the monitoring section and reference the 2006 HCVA Monitoring documents.</p> <p>4) Fisheries Basin Coordinator to be included in review and approval of removal of Potential Old Growth identifier.</p>
1.5	None
1.6	Insert in roles and responsibility section: FMFM District supervisor will ensure Pre-inventory reviews occur.
1.7	None
2.1	None
2.2	No change to chemical list at this time, wait until completion of FSC review 3-31-07.
2.3	None
3.1	Procedure (table) for approval of intrusive operations should be referenced in WI.
3.2	<p>1) Clarify that the toll free number is for lodging complaints to the SFI Implementation Committee in regard to conformance with SFI Standards.</p> <p>2) Clarify that reports of BMP non-conformance can be forwarded to DNR using FMU contact numbers on the DNR web sites.</p> <p>3) Rutting guidelines should be referenced in the WI following adoption.</p>
3.3	None, (discussion of road closures is addressed in later section of this summary)
5.1	Research Report to be updated annually by the FMFM Forest Certification Planner.
6.1	None
6.2	None
6.3	None
7.1	<p>1) Amend statements regarding PPE requirements to state that compliance is based upon contract specifications rather than MIOSHA requirements in order to cover sole proprietorships.</p> <p>2) References section should list within-stand retention guidelines and green-up guidelines.</p> <p>3) It is recommended that the statement “Law Enforcement Division Conservation Officers are exempted and will follow their own special safety requirements” be removed from the work instruction because it is not in conformance with MIOSHA requirements. LED staff are legally required, under MIOSHA, to comply with the PPE requirements as outlined in the work instruction.</p>
7.2	None
8.1	Update WI to ensure it reflects current processes in all Resource Management Divisions.
9.1	None

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

- 1) District FMFM, WLD, LED, and FSHD Supervisors must monitor implementation of statewide and unit-level corrective action plans and verify completion by due dates. (MR05)
- 2) District Supervisors shall inform the Field Coordinators and FMFM Certification Specialist of the implementation status of unit level corrective action plans two weeks in advance of future Management Review Meetings. (MR05)
- 3) Internal Audit Procedures for 2007 are included in Appendix C. The most significant recommendations include: Four management units will be internally audited in 2007. The FMUs include Sault Ste. Marie, Roscommon, Traverse City, and Gladwin. Attempt to include each lead auditor in two audits, one as a lead and a second as a staff auditor. A smaller internal audit pool will be utilized in order to promote improved consistency. The time commitment for Internal Audits is reduced: first day in office preparation by internal auditors; second day for field visits involving all FMU and most District staff; the third day is for report writing, special field visits to close audit gaps (but only if necessary), and closing meeting.

4. DNR approval process for intrusive activities (W.I. 3.1):

- 1) Revise the Intrusive Activities Review and Approval Process (Appendix E) so that FTPs are not required in order to remove beaver dams on state land that are threatening roads.
- 2) The Intrusive Activities Review and Approval Process (Appendix E) will serve as guidance for approval of intrusive operations and will be followed by all Department employees. (MR05, Statewide IA CAR 2006-3, IA CARs - 33-2006-02, 72-2006-02, 42-2006-06, 71-2006-06,)
- 3) The Intrusive Activities Approval process must be referenced in work instruction 3.1. (MR05)
- 4) Procedure for SHPO review of intrusive activity is referenced under planning (section 5, Forest Inventory, item 2) below (MR05)
- 5) **By the time of the 2007 annual surveillance audit, develop and implement procedures and templates for better, more cohesively documenting the environmental analyses/assessments, including the elaboration of expected outcomes, that are conducted prior to and in support of site disturbing activities. (FSC CAR 2006.3)**

An outline of existing procedures for environmental analysis and assessments currently conducted for treatments prescribed on state forest land via the compartment review process will be developed. The outline will identify and describe the timing and role of pre-inventory meetings, compartment review process, MNFI review of YOE compartments, SHPO review procedure, field visits by foresters/biologists/& other professionals, dispute resolution procedures, stakeholder input mechanisms, and other special assessments that may potentially be conducted.

In addition, for those treatments prescribed or approved outside of the compartment review process, a checklist will be developed that describes requirements for environmental assessment and that documents accomplishment of such for permanent records.

Dennis Nezych to draft and submit to FCIT for review by June 15, 2007. Implementation by Management teams by August, 2007.

5. Planning

STATE LEVEL PLANNING: (W.I. 1.1)

- 1) **By the time of the 2007 annual surveillance audit, develop a strategy for comprehensively reviewing DNR's stakeholder input/participation mechanisms in order to identify and implement opportunities for improving overall stakeholder satisfaction with DNR's efforts at transparency and consultative decision making. (FSC CAR 2006.5)**
 - A. The Natural Resources Commission, with support from the Statewide Council, has established a goal for 2007 to improve stakeholder collaboration and involvement in decision making.**
 - B. The Statewide Council has established a Public Involvement Work Group (PIWG), sponsored by Deputy Mindy Koch.**
 - C. Members of the PIWG already appointed are Jay Wesley, Rex Ainslie, Lynne Boyd, Pat Stewart, and Ann Wilson.**
- 2) Division Chiefs shall ensure that Department/Division policies and procedures and forest certification Work Instructions are aligned. (MR05).

Work instructions will take precedence until such time as DNR procedures and division policies are updated.

ECO-REGIONAL PLANNING: (W.I. 1.3, 1.5)

By March 1, 2007, through the issuance of additional written advice to the three eco-regional planning teams, assure that the eco-regional plans incorporate specific, quantitative direction/guidance that will effectively inform decision making at the compartment level. This direction must include measurable and geographically-specific targets that will enable/assure that FMU- and compartment-level actions are compatible with the attainment of the DNR's multi-resource and biodiversity goals and objectives. (FSC CAR 2006.4)

Donna LaCourt, Bill O'Neill, and Deb Begalle were asked to draft a letter by March 6, 2007 that describes the department effort to address this CAR and which will be sent to FSC auditors. This letter and an accompanying PowerPoint presentation was sent to the FSC lead auditor on March 7, 2007. SCS has determined that Michigan DNR has presented justifiable cause to extend the due date of FSC CAR 2006.4 to July 31, 2007.

Written guidance for the ecoteams to address this CAR will come under the auspices of the statewide council.

FMU FOREST INVENTORY: (W.I. 1.6)

- 1) FMFM District Supervisors will ensure FMUs conduct a pre-inventory review of the next year of entry compartments to review and address "long run, landscape" issues prior to doing inventory and to enhance coordination with other Division interests. The FMFM Unit Manager will schedule review dates. (MR05, Statewide IA CAR 2006-2, IA CARs 41-2006-02, 12-2006-2, 71-2006-4, 61-2006-2)
- 2) DNR will work with Office of State Archeologist (OSA) to confirm the adequacy of current procedures and revise the process to meet their needs without compromising the possible sites. DNR expects to work with OSA to: 1) develop protocols for field identification and documentation of possible sites, 2) develop protocols for referring possible sites to OSA for assessment and evaluation, and 3) develop training and training materials (workshops, power points etc.) for staff. The protocol/process must be disseminated to staff. This effort was originally scheduled for completion by March 1, 2006. (MR05)

This task is now assigned to the Biodiversity and Conservation Program Leader, with a completion date of July 30, 2007.

6. BMPs (W.I. 3.1, 3.2, and 3.3)

- 1) All DNR staff must report BMP problems on the appropriate Resource Damage Report (RDR) form and in compliance with Work Instruction 3.2. (MR05, Statewide IA CAR 2006-4, IA CAR 41-2006-03, 42-2006-03, 12-2006-4, 71-2006-7, 61-2006-5)
- 2) **SFI CAR 2006-2 states: There is insufficient evidence of a plan to address transportation system BMP issues.** (SFI CAR 2006-2, IA CAR 33-2006-05, 12-2006-7)

Now that the department has a well-defined information collection system in place and we have established the scope of the BMP problem, we are employing a 2-tiered approach for restoration. First, FMFM has allocated operational funds to fix the highest priority problems identified in the RDR system. Secondly, we are communicating with the department and the legislature about the needs for additional funding.

Discussion occurred at the February 15, 2007 FMFM Management Team meeting. Donna LaCourt, Mike Paluda, Bill O'Neill, and Cara Boucher will meet to clarify and document our action plan to address this CAR by March 30, 2007.

- 3) RDR data base needs to be made more accessible and useable.

7. Biodiversity Management (W.I. 1.4)

- 1) **By the time of the 2007 annual surveillance audit, develop and implement a public consultation mechanism for the full range of activities mandated by FSC Principle 9; i.e., development of regionally appropriate definitions of high conservation values pertinent to the Michigan State Forests, development of management prescriptions intended to maintain identified high conservation values, and monitoring of the efficacy of these prescriptions.** (FSC CAR 2006.2)

Further development of a public participation mechanism for biodiversity management needs to be addressed as part of the DNR stakeholder input/participation process described below and in item #5 above.

- A. **The Natural Resources Commission, with support from the Statewide Council, has established a goal for 2007 to improve stakeholder collaboration and involvement in decision making.**
 - B. **The Statewide Council has established a Public Involvement Work Group (PIWG), sponsored by Deputy Mindy Koch.**
 - C. **Members of the PIWG already appointed are Jay Wesley, Rex Ainslie, Lynne Boyd, Pat Stewart, and Ann Wilson.**
- 2) Areas of State Forest land that contain SCA, HCVA, and ERAs must be identified during forest inventory and their management specified as outlined in work instruction 1.4. Management activities on these areas must be identified in forest inventory records and must be consistent with stated special conservation objectives.

Special areas are currently being identified; however, additional focus on describing management direction is needed. Additional staff training is required. District planners must verify compliance. (MR05, IA CARs 12-2006-2, 71-2006-3)

- 3) Revise OI coding procedure so that a standard system is in place to readily query and identify SCA's, HCVA's, and ERA's. The codes should allow a simple query of OI data in order to identify these special areas without having to rely only on stand remarks. (MR05)

Kim Herman and Jason Stephens will continue to improve OI coding practices for SCAs, HCVAs, and ERAs.

- 4) Biodiversity core design teams are not yet appointed. The statewide biodiversity assist team has been appointed and charged to analyze data bases.
- 5) Monitoring protocols for SCAs, HCVAs, and ERAs will be referenced in the work instruction and will be distributed to DNR staff and posted on the DNR intranet by Cara Boucher. (MR05)
- 6) New within-stand retention guidelines have been implemented. Implementation problems and criteria for no-retention are being reviewed by the Silviculture and Regeneration Committee.

Note: Internal Lead auditors suggest that lack of understanding of SCA management appears to remain a systemic problem.

8. Timber Sale Preparation (W.I. 7.)

- 1) Prior to the 2007 summer logging season, develop and implement a rutting policy that is sufficiently specific and enforceable so as to allow for consistent interpretation and implementation across all field units. SFI corrective action plan specifies implementation by spring 2007. (SFI CAR 2006-01, FSC CAR 2006.01, IA CAR 12-2006-8)

Revisions have been drafted for the manual "Soil and Water Quality Management Practices on Forest Land". The revisions include criteria for rutting, and these criteria will be utilized as guidance for DNR staff to apply on state forest timber sale contracts. Draft revisions to the manual are currently being reviewed by the DNR Management Teams, and comments are due to the FMFM Forest Resource Management Section by February 23, 2007. Thereafter, there will be a review and comment period for external DNR stakeholders.

In order to address the forest certification CARs, interim criteria for rutting will be developed following receipt of management team input due February 23. The interim rutting guidelines will be rolled out to DNR staff by the end of March, 2007 by the FMFM Forest Resource Management Section. Rollout will include detailed instructions on implementation. The interim guidelines on rutting will be implemented across all field units by June, 2007.

The interim guidelines will be replaced with final guidance when revisions to the manual "Soil and Water Quality Management Practices on Forest Land" are finalized.

9. Forest Regeneration (W.I. 2.1)

The Forest Certification Corrective Action Plan for last year's FSC CAR charged the Cervid Herbivory Team to develop protocols by May 1, 2006; begin assessments by June 1, 2006; and have a preliminary assessment completed within one year. (MR05)

The FSC CAR was removed as a result of the 2006 external audit. However, there remains a question regarding causes of variability and what the thresholds are for forest floor diversity and forest regeneration.

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 Frank Krist (Program Manager for GIS and Spatial Analysis, USFS, Forest Health Technology Enterprise Team) for 2-3 days.

10. Chemical Use (W.I. 2.2)

Last fall a group of FSC members representing Australia, New Zealand, Canada and US formed an informal advocacy group called CANZUS. We collectively appealed to FSC to reconsider the "Highly Hazardous Chemical" list and open the door to accept expert advice to help them formulate a more reasonable chemical use policy. FSC heard this request at their annual meeting in Bonn, Germany in November. Their response was to extend the deadline to accept derogation requests from 12/31/2006 to 6/30/2007. In the meantime they are hearing from the expert panel who is reviewing arguments from CANZUS members (and others). The submissions from CANZUS members and others argued that the current FSC chemical use policy was flawed and need a major overhaul. FSC is conducting this expert panel review and expects to finalize that process by 3/31/2007. The outcome of that review will probably affect the derogation policy and the need to submit derogations by 6/30/2007. As of now, the chemical list in the work instruction is still in effect but may change as this process unfolds. We are hopeful that the policy becomes more realistic and user friendly but we will wait and see.

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

- 1) Emergency road closures have a streamlined process identified in the work instructions, however, these types of closures continue to experience lengthy delay in the process of obtaining a Director's Order to enforce the closure. The FMFM Management Team needs to address issue.
- 2) Change the Intrusive Activities Review and Approval Process to allow removal of obstructions on state lands that are threatening roads without a need for FTP approval. Other cases require an FTP.

12. Invasive Plants (W.I. 2.3)

Forest health specialists will develop improved procedures for detecting, reporting, monitoring, control and containment of invasive exotic plants by March 1, 2006. (MR05)

The Michigan DNR will continue to be represented on the Michigan Invasive Plants Council. In 2007, it is recommended that:

- 1) The DNR form a Departmental invasive plants committee to:
 - a. Clarify each division's current invasive terrestrial plant program and program efforts and accomplishments.
 - b. Create a unified vision for an MDNR invasive plant program and define each division's role within this vision
 - c. Create a list of invasive terrestrial plants of concern by Eco-Region for training and monitoring.
 - d. Seek funding and grants (funding is currently available from federal programs)
- 2) FMFM specifically will:
 - a. Approve and roll out the revised Forest Health Condition Report Form 4029-3. This will require a data management plan which should include the use of the IFMAP Opportunistic Field Survey.
 - b. Develop I&E tools, including a web site, for plant recognition, reporting protocols and invasive plant management strategies and policies.

13. Tribal Issues (W.I. 9.1)

Last years tribal meeting was suspended due to tribal negotiations regarding the 1836 Treaty of Washington. The annual tribal meeting with the 12 federally recognized tribes will be organized by Jim Ekdahl and Dennis Nezych by March 1, 2007.

14. SFI Involvement (W.I. 6.3)

No Comment

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

1. Research summary required per WI 5.1 must be published and distributed in compliance with established timeline and posted on the DNR internet web site. Responsibility will be re-assigned to the FMFM Forest Certification Planner. (MR05, Statewide IA CAR 2006-5, IA CAR 42-2006-4, 71-2006-03, 42-2006-4, 12-2006-6, 71-2006-09)
2. DNR staff need to be trained on how Statewide and Ecoregional plans will influence and guide management decisions in the field. (IA CARs 33-2006-07, 12-2006-1, 72-2006-01, 71-2006-1, 71-2006-2)
3. DNR employees will annually be provided a list of required training by classification by Division Training Officers. (MR05)
4. Individual training plans will be developed by supervisors during annual Performance Appraisal. (MR05, IA CAR 71-2006-11)
5. ISO 14000 lead auditor training will be offered to the FMFM forest certification specialist and internal lead auditors. (MR05)
6. FMFM will take a lead in offering training to other DNR Division staff, especially if there is a need to address CARs, BMP forms, or evaluation of intrusive activities.

Note: Lead auditors suggest that incomplete training records continues to be a systemic problem.

16. Other – No Comments

Appendix A:

SFI & FSC Corrective Action Requests, SFI Opportunities to Improve, and FSC Recommendations issued in 2006:

(Includes deadlines and assignments for FSC corrective action plans)

SFI CARs

CAR SFI 2006-01: *SFI Indicator 2.3.6 requires criteria for protection of soil productivity.*

The criteria for allowable ruts during timber harvesting activities are not clear.

CAR SFI 2006-02: *SFI Indicator 3.1.1 involves the use of BMPs during all phases of management activities.*

There was insufficient evidence of a plan (timeline and resources) to address transportation system BMP issues (see Michigan Water Quality Management Practices on Forest Land, page 25, section 3, Maintenance of Forest Roads).

FSC CARs

FSC CAR 2006.1, relating to *FSC Criterion/Indicator 6.3:*

Prior to the 2007 summer logging season, develop and implement a rutting policy that is sufficiently specific and enforceable so as to allow for consistent interpretation and implementation across all field units.

FSC CAR 2006.2, relating to *FSC Criterion 9.2:*

By the time of the 2007 annual surveillance audit, develop and implement a public consultation mechanism for the full range of activities mandated by FSC Principle 9; i.e., development of regionally appropriate definitions of high conservation values pertinent to the Michigan State Forests, development of management prescriptions intended to maintain identified high conservation values, and monitoring of the efficacy of these prescriptions.

FSC CAR 2006.3, relating to *FSC Criterion 6.1:*

By the time of the 2007 annual surveillance audit, develop and implement procedures and templates for better, more cohesively documenting the environmental analyses/assessments, including the elaboration of expected outcomes, that are conducted prior to and in support of site disturbing activities.

FSC CAR 2006.4, relating to *FSC Criterion/Indicator 7.1.a.1.*

By March 1, 2007, through the issuance of additional written advice to the three eco-regional planning teams, assure that the eco-regional plans incorporate specific, quantitative direction/guidance that will effectively inform decision making at the compartment level. This direction must include measurable and geographically-specific targets that will enable/assure that FMU- and compartment-level actions are compatible with the attainment of the DNR's multi-resource and biodiversity goals and objectives.

FSC CAR 2006.5, relating to *FSC Criterion/Indicator 4.4.e.*

By the time of the 2007 annual surveillance audit, develop a strategy for comprehensively reviewing DNR's stakeholder input/participation mechanisms in order to identify and implement opportunities for improving overall stakeholder satisfaction with DNR's efforts at transparency and consultative decision making.

SFI Opportunities to Improve

OFI SFI-2006-01 *Indicator 10.1.3: “Staff education and training sufficient to their roles and responsibilities.”*

Staff experience, education, and training (including recent ecological-related training) is consistently superb. The state forest management program, including plans, policies, procedures and guidelines, is rapidly evolving and improving. Given this, there is an opportunity to improve training for staff, including record-keeping and linkages to the evolving compendium of management direction.

OFI SFI-2006-02 *Indicator 1.1.1: “A long-term resource analysis to guide forest management planning at a level appropriate to the size and scale of the operation...”*

Michigan DNR has a strong process for interdisciplinary planning and assessment, including formal and informal mechanisms. There is an opportunity to improve recording issues and alternative considered, and decisions made.

OFI SFI-2006-03 *Indicator 13.1.2: ““System for collecting, reviewing, and reporting information to management regarding progress in achieving SFI Standard objectives and performance measures.”*

Michigan DNR has developed and implemented a comprehensive internal audit program that is effectively helping to strengthen all programs, including SFI conformance. There is an opportunity to improve the internal audit process, particularly documenting observations on specific sites.

OFI SFI-2006-04 *Indicator 4.1.4: “Development and implementation of criteria, as guided by regionally appropriate science, for retention of stand-level wildlife habitat elements (e.g., snags, mast trees, down woody debris, den trees, nest trees).”*

There is an opportunity to improve stand-level retention policies and implementation in salvage harvests.

FSC Recommendations:

FSC REC 2006.1 — DNR should consider developing and posting a written rationale for why the “named” forest plans are not going to be maintained and how forest-level planning is being superseded by other planning mechanisms.

FSC REC 2006.2 —DNR should consider better publicizing the HCVF recommendation process; a document describing the nomination process is on the DNR web site but it is difficult to find.

Appendix B

2006 Statewide Non-Conformance Reports:



Michigan Department of Natural Resources - Forest, Mineral and Fire Management

INTERNAL AUDIT STATEWIDE NONCONFORMANCE REPORT (NCR)

Unit Name and Site: Michigan Department of Natural Resources State Forest Lands		Statewide NCR Number 2006-1
Author: Kim Herman	Lead Audit Team: Michael Donovan, Jim Ferris, Kim Herman, Les Homan, Dennis Nezich, Jeff Stampfly, Richard Stevenson	
Date (mm/dd/yyyy): 01/18/07	Work Instruction or Standard and Clause Number: Biodiversity Work Instruction 1.4	
Other Documents (if applicable): <ul style="list-style-type: none"> • 2005 Management Review Final Document 4-11-2006 Section 7 Biodiversity Management, item 5 • Internal Audit NCRs 12-2006-2, 42-2006-1, 71-2006-3 	Responsible Manager(s): Statewide Council FMFM Forest Resource Management Section	
<p>REQUIREMENT OF AUDITED STANDARD/ WORK INSTRUCTION: <u>2005 Management Review Final Document 4-11-2006 Section 7 Biodiversity Management 5):</u> Appoint Regional Biodiversity Conservation Planning teams so progress is made on designating areas comprising a network of areas managed to conserve special conservation areas, high conservation value areas, and ecoregional reference areas. The EcoRegional Teams must implement by Jan 31, 2006.</p> <p><u>Biodiversity Work Instruction 1.4</u> The purpose of this work instruction is to “provide direction for cataloging areas within the state forest that have been identified for a variety of biodiversity values.” In order to implement this work instruction effectively, “it is the responsibility of DNR land management staff to understand the intent of the SCA identification as well as the implications for management activities”.</p>		
<p>OBSERVED NONCONFORMITY: 42-2006-1; 71-2006-3: Ecoregional Teams have not appointed regional “core” biodiversity planning teams. 12-2006-2; 71-2006-3: Some units’ staff was not certain of differences between SCAs, HCVA’s and ERA’s and inconsistent interpretation of what constitutes an SCA (or potential SCA) and how the O.I. code 8 should be used (e.g., deer yards, high quality trout streams) has hindered identification and implementation.</p>		
<p>ROOT CAUSE ANALYSIS (Describe the cause of the problem.):</p> <ol style="list-style-type: none"> 1) Anticipated guidelines from the Statewide Biodiversity Team have taken time to develop, be reviewed, and agreed upon. An Assist Team is to complete a statewide analysis of the existing data to provide guidance to the Ecoteams. The SWC has not appointed the Assist Team members. Though Ecoregional core design teams could have been appointed, they would not have functioned effectively without being able to work from the statewide biodiversity analysis. 2) The Biodiversity Work Instruction is multilayered and complex. Though staff in all 15 FMU’s attended Biodiversity Work Instruction training, not all staff especially in WLD and FD was able to attend. Furthermore, the training evolved over the nine months becoming more complete as implementation guidance was developed and made available. 3) An updated SCA layer does not exist on CD but is available to the staff through IFMAP/GDSE layers. Staff was not sufficiently trained or have access to updated Biodiversity Layers via GDSE prior to the unit beginning inventory for 2008 YOE 		
<p>CORRECTIVE ACTION (Recommended – Proposed corrective action).</p> <ol style="list-style-type: none"> 1) Appoint the Biodiversity Assist Team and complete a statewide biodiversity analysis. Finalize the Phase I Biodiversity Report. Appoint and train Ecoregional Core Design Teams. 2.) Update and clarify Biodiversity Work Instruction 1.4. 3.) Train unit staff in use of GDSE layers. 		
CORRECTIVE ACTION PLAN ACCEPTED:	FCIT: Date 2-23-07	
Follow Up Comments:		



INTERNAL AUDIT STATEWIDE NONCONFORMANCE REPORT (NCR)

Unit Name and Site: Michigan Department of Natural Resources State Forest Lands		Statewide NCR Number 2006-2
Author: Dennis Nezich	Lead Audit Team: Michael Donovan, Jim Ferris, Kim Herman, Les Homan, Dennis Nezich, Jeff Stampfly, Richard Stevenson	
Date (mm/dd/yyyy): 01/20/07	Work Instruction or Standard and Clause Number: 1.6 Forest Management Unit Analyses	
Other Documents (if applicable): <ul style="list-style-type: none"> • 2005 Management Review Final Document 4-11-2006 Section 5 Planning, FMU Forest Inventory, item 2. • Internal Audit NCRs 41-2006-02, 12-2006-2, 71-2006-4, 61-2006-2 		Responsible Manager(s): FMU Unit Managers District Supervisors
<p>REQUIREMENT OF AUDITED STANDARD/ WORK INSTRUCTION:</p> <p><u>2005 Management Review Final Document 4-11-2006</u> The FMUs will conduct a pre-inventory review of the next year of entry compartments to describe the condition of the forest in terms of age-class, cover type distribution, special management areas etc. Pre-inventory analysis will be completed for all FMUs for the 2008 and subsequent YOY compartments. FMFM Unit Manager will schedule review dates. (Work Instruction 1.6)</p> <p><u>WI 1.6 Forest Management Unit Analyses:</u> FMUs will conduct a pre-inventory review of the next year-of-entry compartments. The FMFM Unit Manager will schedule and coordinate the meeting with the District FMFM Planner and Wildlife Division Ecologist. The review should utilize the above FMU information and other data to put the year-of-entry compartments into a long-term, landscape level perspective. Examples include an analysis of forest type acres and their age classes (or basal area), Special Conservation Areas (see Biodiversity Work Instruction) and considerations, tribal interests, public input, and other broad resource information. Timber Management Specialists will generate and provide major cover type trends and projections of age classes and harvests developed from historical and current inventory and timber sale information. As goals are developed and approved at the ecoregional level or changed at the division level, projections based upon timber treatment prescriptions will be contrasted against such goals.</p>		
<p>OBSERVED NONCONFORMITY:</p> <p>Pre-inventory meeting not held, late, or incomplete.</p> <p>41-2006-02: Lack of a pre-inventory review meeting and only a single value (timber) was identified.</p> <p>12-2006-2: Evidence indicated that the Y.O.E. 2008 pre-inventory review occurred in January of 2006 but the official inventory start date for Unit inventory was October 1, 2005. Thus, the pre-inventory meeting occurred approximately 3 months after the official start of inventory</p> <p>71-2006-4: Pre-inventory review with FMFM planner and wildlife ecologist did not occur.</p> <p>61-2006-2: No pre-inventory meeting was conducted.</p>		
<p>ROOT CAUSE ANALYSIS (Describe the cause of the problem.):</p> <ol style="list-style-type: none"> 1) Timing is an issue. The pre-inventory meeting may overlap with pre-review and compartment review from previous year of entry. 2) Inefficiency coordinating a meeting with District Staff. 3) Complications using IFMAP technology to make unit-wide projections. 4) Lack of guidance or of an example of a pre-inventory meeting. 		
<p>CORRECTIVE ACTION (Recommended - Proposed corrective action).</p> <ol style="list-style-type: none"> 1) FMFM District supervisors must ensure pre-inventory meetings are scheduled and ensure coordination occurs between FMU staff and District specialists of all Divisions. Doing a pre-inventory meeting prior to the beginning of an inventory cycle is preferred, however, conducting it after but near the start of forest inventory is considered adequate compliance. 2.) A pre-inventory meeting template or example will be developed to train staff and to provide guidance to district staff specialists conducting the meeting. 		
CORRECTIVE ACTION PLAN ACCEPTED:		FCIT: Date 2-23-07
Follow Up Comments:		



INTERNAL AUDIT STATEWIDE NONCONFORMANCE REPORT (NCR)

Unit Name and Site: Michigan Department of Natural Resources State Forest Lands		Statewide NCR Number 2006-3
Author: Dennis Nezich	Lead Audit Team: Michael Donovan, Jim Ferris, Kim Herman, Les Homan, Dennis Nezich, Jeff Stampfly, Richard Stevenson	
Date (mm/dd/yyyy): 01/20/07	Work Instruction or Standard and Clause Number: 3.1 Forest Operations	
Other Documents (if applicable): <ul style="list-style-type: none"> • <u>2005 Management Review Final Document 4-11-2006 Section 4, item 1:</u> • Internal Audit NCRs 33-2006-02, 72-2006-02, 42-2006-6, 71-2006-6 	Responsible Manager(s): Managers at Unit and District levels	
<p>REQUIREMENT OF AUDITED STANDARD/ WORK INSTRUCTION: <u>WI 3.1 Forest Operations:</u> Operations review: FMFM, 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.</p> <p><u>2005 Management Review Final Document 4-11-2006 Section 4, item 1:</u> FMFM, 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. The table, Appendix A, will serve as guidance for approval of intrusive operations and will be followed by all Department employees. The table shall be incorporated into work instruction 3.1. (Work Instruction 3.1)</p>		
<p>OBSERVED NONCONFORMITY: Intrusive activities not adequately approved. 33-2006-02: While many forest operations are reviewed by the land managing and enforcement divisions, the documentation of the review and follow up is lacking in some cases. Use permits did contain all of the appropriate review. However there were several examples of a lack of forest treatment proposals for intrusive operations (i.e. oak wilt cultural work) and a lack of FTP completion reports. 72-2006-02: Forest Treatment Proposals C-72-530 and C-72-531 are proposals for trenching and planting of jack pine in stands that were scheduled for natural regeneration at the compartment review, no cultural activities were identified in OIPC. Both FTP's required local fisheries biologist approval as well as approvals by FMFM and Wildlife Supervisors. All required signatures had not been acquired. 42-2006-6: Luce County Lease lands are not subject to operations review and multi-division sign off of intrusive activities. 71-2006-6: Dam repair project at Backus Creek Flooding done outside of appropriate notifications and approvals and MNFI, SHPO or tribal review.....Bridge repair project on snowmobile trail/two track done outside of appropriate notifications and approvals and MNFI, SHPO or tribal review.....Timber salvage operations and trenching and planting on Boyce Lake Fire Area were conducted outside of MNFI, SHPO or tribal review.</p>		
<p>ROOT CAUSE ANALYSIS (Describe the cause of the problem.): There were isolated lapses in obtaining approval of intrusive activities.</p>		
<p>CORRECTIVE ACTION (Recommended - Proposed corrective action). All intrusive operations must have appropriate review in compliance with the Intrusive Activities Review and Approval process. (Referenced in WI 3.1).</p>		
CORRECTIVE ACTION PLAN ACCEPTED:	FCIT: Date 2-23-07	
Follow Up Comments:		



INTERNAL AUDIT STATEWIDE NONCONFORMANCE REPORT (NCR)

Unit Name and Site: Michigan Department of Natural Resources State Forest Lands		Statewide NCR Number 2006-4
Author: Dennis Nezych	Lead Audit Team: Michael Donovan, Jim Ferris, Kim Herman, Les Homan, Dennis Nezych, Jeff Stampfly, Richard Stevenson	
Date (mm/dd/yyyy): 01/22/07	Work Instruction or Standard and Clause Number: 3.2 Best Management Practices Non-Conformance Reporting Instructions	
Other Documents (if applicable): <ul style="list-style-type: none"> • 2005 Management Review Final Document 4-11-2006 Section 6 BMPs, item 1. • Internal Audit NCRs 41-2006-03, 42-2006-3, 12-2006-4, 71-2006-7, 61-2006-5 	Responsible Manager(s): Managers at Unit and District levels	
<p>REQUIREMENT OF AUDITED STANDARD/ WORK INSTRUCTION:</p> <p><u>3.2 Best Management Practices Non-Conformance Reporting Instructions:</u> DNR employees are required – and other citizens and visitors are encouraged – to watch for and report BMP problems in State Forests (see water quality management practices checklist). Reporting responsibilities include water quality and site productivity issues. Employees should endeavor to monitor problem-prone areas on a systematic basis.</p> <p><u>2005 Management Review Final Document 4-11-2006 Section 6, item 1):</u> All DNR staff must report BMP problems on the appropriate report form and in compliance with Work Instruction 3.2. FMFM Unit Managers must maintain the BMP tracking spreadsheet. District FMFM supervisors will monitor compliance, and will provide BMP summaries to the Forest Certification Specialist that prioritize projects and estimated costs for future management reviews. (Work Instruction 3.2)</p>		
<p>OBSERVED NONCONFORMITY:</p> <p>Not all employees are consistently reporting observed resource damage.</p> <p>41-2006-03: Repeated failure to fill out NCR reports on open deck bridges, some staff without forms in vehicles, general sense that the problem is so extensive that it is not worth reporting.</p> <p>42-2006-3: Not all employees are using the BMP reporting form. There appears to be confusion as to what should be reported on this form. Some BMP problems were observed that had not been reported even though, in some cases the staff acknowledged that the situation had been observed and had not been reported.</p> <p>12-2006-4: Although staff demonstrated a general good working knowledge of BMP issues, they were unaware of the BMP problems associated with gap decked bridges.....Staff have begun to fill our BMP NCR forms, the BMP tracking log is being maintained, and the issues are being addressed where reported, auditors observed BMP violations where forms had not been filled out.</p> <p>71-2006-7: Employees are not consistently reporting BMP problems. A number of sites with BMP issues were observed by auditors that were not found on BMP tracking sheet. Some employees are not aware of the requirement to fill out reports. Some employees did not have BMP reporting sheets in work vehicles.</p> <p>61-2006-5: Staff visited a water control structure site on a well-traveled road with BMP problem and did not report the problem</p>		
<p>ROOT CAUSE ANALYSIS (Describe the cause of the problem.):</p> <p>There were isolated lapses in reporting resource damage on some FMUs.</p>		
<p>CORRECTIVE ACTION (Recommended - Proposed corrective action).</p> <p>All employees must report resource damage found on State Forest Lands using the electronic RDR system or by submitting a hard copy RDR form to the FMFM Unit Manager.</p>		
CORRECTIVE ACTION PLAN ACCEPTED:	FCIT: Date 2-23-07	
Follow Up Comments:		



INTERNAL AUDIT STATEWIDE NONCONFORMANCE REPORT (NCR)

Unit Name and Site: Michigan Department of Natural Resources State Forest Lands		Statewide NCR Number 2006-5
Author: Mike Donovan	Lead Audit Team: Michael Donovan, Jim Ferris, Kim Herman, Les Homan, Dennis Nezich, Jeff Stampfly, Richard Stevenson	
Date (mm/dd/yyyy): 01/18/07	Work Instruction or Standard and Clause Number: 5.1 Coordinated Natural Resource Management Research	
Other Documents (if applicable): • Internal Audit NCRs 33-2006-01 42-2006-4, 12-2006-6, 71-2006-9	Responsible Manager(s): Research leads – all Divisions FMFM Forest Resource Management Section	
<p>REQUIREMENT OF AUDITED STANDARD/ WORK INSTRUCTION: <u>Coordinated Natural Resource Management Research Work Instruction 5.1</u> The research coordinators from each division or bureau must compile a summary of research activities and expenditures prior to an annual meeting with other research program leads. Coordinators will meet on an annual basis to jointly review the summaries.</p> <p>An annual research summary report will be published by Dec. 15th 2005 and thereafter in conjunction with the management review.</p>		
<p>OBSERVED NONCONFORMITY: The Research Summary document was not finalized and made available until August 2006. Auditors discovered research projects in the field that were not listed in the summary document. The report did not describe development and implementation of research projects and incorporation of findings into the DNR activities and programs.</p>		
<p>ROOT CAUSE ANALYSIS (Describe the cause of the problem.):</p> <ol style="list-style-type: none"> 1) Initial development of the report took longer than anticipated because research is conducted differently in each Division. Not all divisions keep easily available records of their support for research. Some Divisions took longer to respond to information request than others. Once a draft report was completed, another edit cycle was started because of concern for putting dollar values of research in the report. 2) Research is reported upon in a variety of ways at the Division level in the DNR. No one in DNR Research has additional time to create a DNR wide summary of research that reports on the details required in the work instruction. 3) The field organization of the DNR, especially FMFMD coordinates at the local level with groups requesting permission to perform research on State forest Land. These research projects are not well tracked and reported upon through the research liaisons for the organization. Concurrently, research activities funded by the Divisions are not always effectively reported upon to the entire organization. 		
<p>CORRECTIVE ACTION (Recommended - Proposed corrective action).</p> <ol style="list-style-type: none"> 1) The written report summarizing all DNR research will be updated annually by the Forest Certification Planner. 2) Have Division research supervisors commit to improving methods for information transfer within their respective research programs. 3) Inform staff on who their research liaison are for each Division and do a better job of communicating research happening on State Forest lands. 		
CORRECTIVE ACTION PLAN ACCEPTED:	FCIT: Date 2-23-07	
Follow Up Comments:		

Appendix C

2007 Forest Certification Internal Audit Process

1-12-07

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:

FMFM: 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 for formulation of corrective actions. Send copy to Forest Certification Specialist and District FMFM Supervisor within 1 week.
4. The FMU Manager will submit NCR with root cause analysis and corrective actions to District Supervisor following consultations with other Divisions.
5. The FMFM District Supervisor will approve and date the NCR. The FMFM District Supervisor will send the approved NCR to the Lead Auditor who will review, approve, and sign the NCR corrective action. Complete within 4 weeks of closing meeting date.
6. Lead Auditor compiles the audit summary and completed NCRs into a final Internal Audit Report and submits report to the Forest Certification Specialist. Submit within 6 weeks of closing meeting date.
7. Forest Certification Specialist will forward Final Internal Audit Report to FCIT, FMFM Management Team, FMFM District Supervisors, all FMU Managers, and representatives from other Divisions, as identified by the FCIT Division representatives.
8. Corrective Actions will be cleared either through the Management Review Process or in the next internal audit.

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 FMFM Field Coordinators to prepare a draft Management Review Summary.
4. FMFM 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. FMFM 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. Next level supervisors must clear corrective actions when completed.

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 FMFM 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.

- FMFM: 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.

**Appendix D
Resource Damage Report Summary:
1-24-07**

Upper Peninsula:

	Cost	Number
Baraga	86,650	33
Crystal Falls	225,161	48
Gwinn	49,720	25
W UP total	\$361,534	106

Escanaba	256,678	97
Newberry	86,472	26
Sault Ste Marie	302,907	23
Shingleton	2,720,406	107
E UP total	\$3,366,463	253

UP total \$3,727,997 359

Lower Peninsula:

Cadillac	1,061,146	57
Gladwin	2,885,300	36
Traverse City	111,363	85
WLP total	\$4,057,809	178

Atlanta	263,760	111
Gaylord	221,560	32
Grayling	2,270,100	58
Pigeon River Country	25,314	16
Roscommon	304,000	81
ELP total	\$3,084,734	298

Statewide Total: \$10,870,540 835

Intrusive Activities Review and Approval Process – Proposed revision in red – February 5, 2007
Work Instruction 3.1, Forest Operations
Appendix E

Intrusive Activity	FMFM Approval	Wildlife Approval	Fisheries Approval	Other
ALL Timber Sale Proposals(Included at compartment review)	Unit Manager. Timber Mgt Specialist must act within 10 working days.	Wildlife Biologist	Unit Manager	
ALL Timber Sale Proposals (Not included at compartment review)	Unit Manager. Dis. Sup, Timber Mgt Specialist must act within 10 working days.	Wildlife Biologist Wildlife Sup.	Unit Manager	
Forest Treatment Proposals (FTP) (Included at compartment review) (Multiple treatments in decade only 1 time approval with annual Completion reports)	Unit Manager and TMS	Wildlife Biologist	Unit Manager	
(FTP) Beaver, animal or dam removal not involving Dept Rd. Note: FTP is not required to remove beaver dams threatening a Department Road.	Unit Manager	Wildlife Biologist	Unit Manager	LED District Sup
Forest Treatment Proposals (FTP) (Not included at compartment review) (Multiple treatments in decade only 1 time approval with annual Completion reports)	Unit Manager and District Sup. and TMS	Wildlife Biologist and Wildlife Sup.	Unit Manager	Treatments not approved at a compartment review need review by SHPO/MNFI (allow 45 days)
Use Permit and Event Permits (Use PR 1138-1 and follow associated procedure)	Unit Manager LAD – District Sup.	Wildlife Biologist LAD – District Sup.	Unit Manager if surface water within 500 feet LAD – District Sup.	LED District Sup SHPO/MNFI review may be needed. LAD-District Sup
Well Site Surface Use Permits	Unit Manager	Wildlife Biologist (10 day response period or inferred approval)	Unit Manager if surface water within 500 feet (10 day response or inferred approval)	

Intrusive Activities Review and Approval Process – Proposed revision in red – February 5, 2007
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Appendix E

Intrusive Activity	FMFM Approval	Wildlife Approval	Fisheries Approval	Other
Road Construction /Improvement Permits (Internal and external)	Unit Manager, District Sup and Field Coordinator	Wildlife Biologist	Unit Manager if surface water is within 500 feet	SHPO/MNFI review may be needed (Cara will discuss with them ASAP)
Mineral Leases	According to Department Procedure	DNR Procedure	DNR Procedure	
Mineral lease variance or change in mineral lease classification	According to Department Procedure	DNR Procedure	DNR Procedure	
Public Utility and Public Road Easements	According to Department Procedure	DNR Procedure	DNR Procedure	OLAF issuance. PRB review if involved.
Fishery Management(Use FTP or other appropriate form) -Stream bank restoration -Manual removal -Lake reclamation-chemical -Dam, removal or construction -Sand traps	Unit Manager when adjacent to, or on state forest land	Wildlife Biologist	Unit Manager, State Level review	LED District Sup SHPO for dam construction and spoil deposit from sand removals
Forest Road/ Trail Closure Proposal	Unit Manager, Dist Sup, Field Coordinator	Wildlife Biologist, District Sup	Unit Manager	SHPO for new construction. LED Dist Sup, EcoTeam
Designated Recreation Trail Development Proposal (R 1862E)	Unit Manager, Dist Sup, Field Coordinator	Wildlife Biologist, District Sup	Unit Manager	SHPO for new construction. LED Dist Sup, Divisions and State Trails Coordinator
Water Access on or adjacent to State Forest Land: -Site development -Dredging -Site renovation	Unit Manager, Dist Sup	Wildlife Biologist, District Sup	Unit Manager	SHPO for new construction, LED Dist Sup, PRB Dist Sup, Field Coordinator