

# Michigan DNR Forest Certification Internal Audit Report

FMU: Sault Ste. Marie

Internal Audit Dates: July 8 - 10, 2008

Internal Audit Summary Date: July 10, 2008

Lead Auditor: Jim Ferris

Internal Auditors: Kerry Fitzpatrick, Steve Milford, Eric Thompson

## Comments:

The internal audit of the Sault Ste. Marie (SSM) FMU was held July 8 - 10, 2008. The scope of the audit was State Forest Land (SFL) within the Sault Ste. Marie FMU. The audit criteria were the May 6, 2008 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 Tuesday, July 8, a detailed list of audit sites was selected and two audit routes established based on a search of records and interviews with staff. A brief opening meeting was held with the participants Wednesday morning, July 9, at the Sault Ste. Marie Field Office. Subsequently, the audit team split into two groups. One group visited Drummond Island while the other group reviewed operations in Chippewa and Mackinac Counties. Multiple sites were visited by each group. Thursday morning was spent reviewing the audit findings, conducting follow-up interviews, and further reviewing documents as needed. A closing meeting was held on Thursday at 2:00 pm. The audit team gathered evidence to determine work instruction conformance through interviews, document review and field observations.

The Sault Ste. Marie Unit staff was open, honest and cooperative throughout the audit. The audit team was impressed with the quality of the on the ground work and it is clear that staff are passionate and knowledgeable about their resource management responsibilities. It was obvious from our observations that multiple values are being considered and appropriately addressed.

## 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.

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. The Audit team also has the option of reporting commendable practices that are occurring on the unit.

Our audit resulted in three major non-conformances, three minor non-conformances, and five opportunities for improvement. Non-conformances are documented on the Non-conformance Report forms (NCR Form 4502) below. Opportunities for improvement are also listed separately below.



## INTERNAL AUDIT NON CONFORMANCE REPORT

Unit Name Sault Ste. Marie Unit		Site location Interview of Planning Staff	Non Conformance Report Number (Unit Code - yyyy - #) 45-2008-01	
Lead Auditor Jim Ferris		Team Member(s) Kerry Fitzpatrick, Steve Milford, Eric Thompson		
Date (mm/dd/yyyy) 7/9 - 10/2008		Work Instruction or Standard and Clause Number 1.3 Regional State Forest Management Plan Development		
<input checked="" type="checkbox"/> Major <input type="checkbox"/> Minor		Other Documents (if applicable)	Responsible Manager(s) Chair, EUP Ecoteam	
Requirement of Audited Standard/ Work Instruction The Regional State Forest Management Plans (EUP Plan) will be completed in 2008 following approval of the State Forest Management Plan.				
Observed Nonconformity Staff involved in development of EUP Regional State Forest Management Plan has indicated that it is highly unlikely that the plan will be completed by the December 2008 deadline.				
Root Cause Analysis (Describe the cause of the problem.) Too little staff. Planner is on active military duty, and is in his forth year. Fisheries had a vacancy that left us short-handed. Wildlife recently assigned the ecologist to acting duties in another role.				
Corrective Action - Proposed corrective action - To be completed by the Unit and relevant Divisions. FMFM is hiring a limited term planner for two years, until full time planner returns. Fisheries has recently hired a new Fisheries Manager. Ecologist comes off acting role in November. Timeline was changed at request of EUP Ecochair to move well beyond end of 2008.				
Proposed Completion Date (mm/dd/yyyy) According to the present timeline, the plan will be done in July 2010. WK inst. Needs update.				
Pat Hallfrisch FMFM Unit Manager		9-26-08 Date	Mike Paluda FMFM District Supervisor	
Signature		Date	Signature	
Date		Date		10/10/08
CORRECTIVE ACTION PLAN ACCEPTED		FC Specialist Acknowledgement: Dennis Nezich		Date 10/13/08
Actual Completion Date (mm/dd/yyyy)		FMFM District Supervisor		Date
Signature		Signature		Date
Date		Date		Date
Follow Up Comments				



Michigan Department of Natural Resources - Forest, Mineral and Fire Management  
**INTERNAL AUDIT NON CONFORMANCE REPORT**

Unit Name Sault Ste. Marie Unit		Site location Various	Non Conformance Report Number (Unit Code - yyyy - #) 45-2008-02
Lead Auditor Jim Ferris		Team Member(s) Kerry Fitzpatrick, Steve Milford, Eric Thompson	
Date (mm/dd/yyyy) 7/9 - 10/2008		Work Instruction or Standard and Clause Number 3.1 Forest Operations	
X Major	Minor	Other Documents (if applicable)	Responsible Manager(s) WLD Habitat Biologist (Item A), FMFM Unit Manager (Items B & C)
<p>Requirement of Audited Standard/ Work Instruction            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>Completion of operations will also be documented in a form available to the approving divisions (the Forest Treatment Proposal Completion Report may be used for this purpose). Documentation of completed FTPs will be kept in the compartment file, and forest inventory records will be updated annually.</p> <p>BMP Non-conformances that are identified per work instruction 3.2 must be assessed by the management review process. Documentation of the location of areas of concern: Relevant waters, species, and special sites shall be shown on maps and/or on the ground sufficient to guide the application of protection measures.</p>			
<p>Observed Nonconformity</p> <p>A) Wildlife FTP 45-156 lacked signature/approval from the Forest Management Supervisor and Fisheries Supervisor. Wildlife FTP 45-150 lacked signature/approval from the Fisheries Supervisor. Both FTP's were completed but no completion reports were filed.</p> <p>B) FMFM Unit Manager was aware of the International Boy Scout Rally at Bay City Lake for several years but did not require them to obtain Event Permits.</p> <p>C) Unit did not address high priority RDR sites -Hessel Creek Bridge and Clear Lake Road. These problems have been known for some time. Hessel Creek Bridge RDR 668 observed Jan 6, 2006. Clear Lake Rd RDR's 1176, 1177, 1179 observed June 8, 2007. An ORV grant was acquired for work on the Clear Lake Rd but no further action has been taken to resolve these problems. Engineering requests have not been submitted and available funds have not been spent.</p>			
<p>Root Cause Analysis (Describe the cause of the problem.)</p> <p>A) FTP was sent out for signatures, after several weeks staff proceeded with project. Completion information was entered into log book. Staff was not aware of formal completion report and has not observed this document in any wildlife files.</p> <p>B) International Scout Rally organizers were informed verbally when definite evidence of their use was obtained but they failed to file appropriate application. Hessel Creek Bridge was a known RDR issue and at time of audit we were unable to locate information related to cooperation with Les Cheneaux Watershed Council which contained photos, pre-engineering information and cost estimates. Clear Lake Rd was designated a Jeep Trail on USGS topographic maps from the 1950's and 1960's giving clear indication that it was never a good road. ORV grant was applied for and obtained prior to the audit. These grants have a three year life span with no departmental or WI requirement that project work be immediately initiated, project may be started in any of the three years. Auditors are apparently unaware that engineering is not required for all road projects, including this one, nor for replacement of culverts if of equal size as existing culverts.</p>			

Corrective Action - Proposed corrective action - To be completed by the Unit and relevant Divisions.

- A) Will wait for signatures on future FTP's and will fill out completion reports when form is provided
- B) ISR has applied for and received a 2008 Event Permit. Organizers are aware that future events held without permit will subject leaders and participants to immediate eviction or other legal action.
- C) Information on HCB has been located and coordinator of watershed council contacted. Since it appears no funds will be forthcoming through them DNR Rec. Specialist will use the pre-engineering info to help snowmobile grant sponsor apply for a program grant to span stream and control run off.
- D) The Clear Lake Road project was not initiated as quickly as some would have liked because of the departure of the ORV Technician and long term medical leave and later passing of the Unit Fire and Recreation Supervisor. With new permanent people on board project parameters have been set, bids solicited and the project is in process at this time. Additional funding will be requested to complete any work not completed during this project.

Proposed Completion Date (mm/dd/yyyy)

10/15/08

<p>Pat Hallfrisch          _____          FMFM Unit Manager</p>	<p>9-26-08          _____          Date</p>	<p>Mike Paluda          _____          FMFM District Supervisor</p>	<p>10/10/08          _____          Date</p>
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CORRECTIVE ACTION PLAN ACCEPTED	FC Specialist Acknowledgement: Dennis Nezich	Date 10/13/08
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Actual Completion Date (mm/dd/yyyy)	FMFM District Supervisor	Date
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<p>_____          FMFM Unit Manager</p>	<p>_____          Signature</p>	<p>_____          Date</p>	<p>_____          FMFM District Supervisor</p>	<p>_____          Signature</p>	<p>_____          Date</p>
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Follow Up Comments



## INTERNAL AUDIT NON CONFORMANCE REPORT

Unit Name Sault Ste. Marie Unit		Site location Interviews at Field Office	Non Conformance Report Number (Unit Code - yyyy - #) 45-2008-03
Lead Auditor Jim Ferris	Team Member(s) Kerry Fitzpatrick, Steve Milford, Eric Thompson		
Date (mm/dd/yyyy) 7/9 - 10/2008	Work Instruction or Standard and Clause Number 5.1 Coordinated Natural Resource Management Research		
Major            X Minor	Other Documents (if applicable)	Responsible Manager(s) FMFM Forest Health, Inventory, and Monitoring Unit Manager with assistance from the Research Coordinators for FSD, PRD, and WLD	
<p><b>Requirement of Audited Standard/ Work Instruction</b>  The research coordinators from each Division or Bureau must compile a summary of research activities and expenditures . . . . .</p> <p>The summary will describe development and implementation of research projects and incorporation of findings into DNR activities and programs.</p>			
<p><b>Observed Nonconformity</b>  Research is occurring on the FMU that is not noted in research summary report. (bear tetracycline, and St. Mary's River Assessment)</p> <p>The summary had no description of development and implementation of research projects, nor was there a description of incorporation of findings into DNR activities and programs.</p>			
<p><b>Root Cause Analysis (Describe the cause of the problem.)</b>  Work Instruction 5.1 goes beyond the SFI Objective 9 and requires a comprehensive report that results in spending additional preparation time, without additional resources identified to gather the information and prepare the report. SFI only requires a list of the projects and costs, and one can argue that Indicators for Performance Measures 9.1 and 9.2 require less.</p> <p>Annual and final reports, plus additional deliverables (e.g., workshops, manuscripts, theses) are generally required for any contractual work conducted by FMFM, and WLD. To provide details currently called for in Work Instruction 5.1 requires additional work and results in little added benefit. Research results and products are usually published, made available on-line, and/or presented to appropriate groups within the agency. The result is that appropriate individuals within the DNR are made aware of the results of the research when they are available. Some researchers are quite diligent about sharing their ongoing findings, even preliminary results, with field foresters and wildlife biologists and much of this reporting is required under contracts. However, to expect DNR personnel involved with audits know about all of the research being done by the Department is not realistic, nor is it necessary for them to do their work appropriately.</p>			





## INTERNAL AUDIT NON CONFORMANCE REPORT

Unit Name Sault Ste. Marie Unit		Site location Drummond Island	Non Conformance Report Number (Unit Code - yyyy - #) 45-2008-04
Lead Auditor Jim Ferris	Team Member(s) Kerry Fitzpatrick, Steve Milford, Eric Thompson		
Date (mm/dd/yyyy) 7/9 - 10/2008	Work Instruction or Standard and Clause Number 6.2 Integrating Public Recreational Opportunities with Management on State Forest Lands		
<input checked="" type="checkbox"/> Major <input type="checkbox"/> Minor	Other Documents (if applicable)	Responsible Manager(s) FMFM Unit Manager, FMFM District Supervisor, WLD Management Unit Supervisor, FSD Lake Huron Basin Coordinator	
Requirement of Audited Standard/ Work Instruction			
<p>5) Resource Impacts as a result of recreational use are reported, monitored, and addressed.</p> <p>    a) Impacts on campgrounds and trails are reported, monitored and addressed.</p> <p>    b) Impacts on lands adversely affected are reported, monitored, and addressed. (e.g. excessive ORV damage. Refer to monitoring section for other key examples)</p> <p>6) DNR evaluates recreational facilities and ensures that changes are made when needed.</p> <p>    a) Open/closure of campgrounds/facilities and/or public land areas is recommended when determined by the monitoring process</p> <p>    b) Additional facilities are recommended when determined necessary by the monitoring process.</p>			
Observed Nonconformity			
<p>A number of very significant issues and conflicts were noted on Drummond Island in regard to ORV use (both legal and illegal), maintenance of state forest access roads, and protection of sensitive environmental areas. Although adverse impacts and conflicting uses are widely recognized and have existed for many years, a plan to manage these conflicting uses has not been developed.</p> <p>Drummond Island has well established ORV Trails that are being used as ORV Routes. Managing Divisions do not have concurrence on acceptable damage or acceptable uses. Unit does not have a recreational plan to address the damage or use on these trails. Some state forest roads have become unusable by the general public. Some of these trails/roads may be in or lead users to environmentally sensitive areas. Enforcement action on the island is hindered by the confusion resulting from many of the issues above.</p>			
Root Cause Analysis (Describe the cause of the problem.)			
<p>For the most part trail roads have existed in their present location for decades. The topographic maps from the 1950's and 1960's label most of these as Jeep Trails because of the rocky and muddy conditions on the island. These natural conditions along with the rapidly increasing use of the trails over the last several years coupled with the departure of the ORV Tech and the Fire and Recreation Supervisor at about the same time severely taxed our ability to keep up with issues associated with Jeep Trails.</p> <p>In 2007 a concerted attempt was made by FMFM to work with WD, LED and FD to designate an ORV Route by late summer. This project broke down when WD and LED misinterpreted the language of the law and stated that all routes must be on State Forest Roads or other roads passable by conventional 2wd vehicles. This resulted in a suspension of all discussions.</p> <p>To the best of the Unit's knowledge there are no roads which intentionally or otherwise lead recreationists to particularly sensitive areas with the possible exception of beach access.</p>			

Corrective Action - Proposed corrective action - To be completed by the Unit and relevant Divisions.

A Trails Analyst has recently been hired and the Fire and Recreation Supervisor position has been filled on a permanent basis. Approximately \$150,000.00 in total has been requested for ORV remediation or Jeep Trail upgrade. Tens of thousands of dollars have been approved and are being spent. Reasonable assurances the remainder will be approved have also been given. One of the 1950's Jeep Trails will be upgraded to SFR standards to provide easier access than has ever existed before. Individual "holes" have been filled, more are being addressed before the end of the FY and even more will be addressed in the future.

An interpretation of the ORV law has been made and FMFM and LED have issued a joint statement late last spring stating in very clear terms that an ORV Route need not necessarily be on SFR's or other roads capable of travel by conventional 2wd vehicles.

Meetings have been held with representatives of various local interest groups including the DI Sportsmen's Club, Snowmobile Club, ORV Club, ORV Trails grant sponsor, local business people and the DI Tourist Association. Discussions have been held and input solicited from various off island user groups including Great Lakes 4wd Assoc., Jeep Jamboree USA and Hummer Club Int. Added input from these and other groups will be solicited in the near future before a trail proposal for an ORV Route is submitted. Although there are no ORV Trails that were originally 50" that have been widened into Jeep Trails there were Jeep Trails designated with ORV trail markers when the original system was laid out in the late 1980's. At the time it was understood that this was acceptable but is now apparently in error. This misunderstanding will be corrected when an ORV Route is designated and signed or, if these areas are not on a route or SFR they may need a reroute via the trail proposal process.

Proposed Completion Date (mm/dd/yyyy)

09/30/2009

Pat Hallfrisch	9-26-08	Mike Paluda	10/10/08
FMFM Unit Manager	Signature	Date	FMFM District Supervisor
			Signature
			Date

CORRECTIVE ACTION PLAN ACCEPTED	FC Specialist Acknowledgement: Dennis Nezich	Date 10/13/08
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Actual Completion Date (mm/dd/yyyy)	FMFM District Supervisor	Date
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FMFM Unit Manager	Signature	Date	FMFM District Supervisor	Signature	Date
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Follow Up Comments



# INTERNAL AUDIT NON CONFORMANCE REPORT

Unit Name Sault Ste. Marie Unit	Site location Various	Non Conformance Report Number (Unit Code - yyyy - #) 45-2008-05
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Lead Auditor Jim Ferris	Team Member(s) Kerry Fitzpatrick, Steve Milford, Eric Thompson
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Date (mm/dd/yyyy) 7/9 - 10/2008	Work Instruction or Standard and Clause Number 7.1 Timber Sale Preparation and Administration Procedures
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<input type="checkbox"/> Major <input checked="" type="checkbox"/> Minor	Other Documents (if applicable)	Responsible Manager(s) FMFM Unit Manager
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Requirement of Audited Standard/ Work Instruction  
 7.1 Timber Sale Preparation and Administration Procedures  
 "Pre-sale Checklist: Complete the Pre-sale checklist which will indicate the sale conditions to include in the Timber Sale contract. Ensure timber sale specification match OI Prescriptions."

Observed Nonconformity

- a) Multiple instances where an outdated Pre-sale checklist was used ("Snow Cone Spruce", "Small Owl Spruce", and "Deer Trail Hardwood") when a newer version was required. Newer version of the checklist contains retention information.
- b) Stand 40 of Compartment 32 included in the timber sale "Bay City Pine" was not prescribed for harvest.
- c) Inadequate justification for clearcuts exceeding 100 acres was noted on Rocky Road Aspen and Metcalf Mix timber sales. Both sales used comments that simply stated that there were stands over 100 acres. No explanation was given as to why the large harvest areas were necessary or how the effects of the large clearcuts would be mitigated.

Root Cause Analysis (Describe the cause of the problem.)

- a) Timber sales are often in process when newer versions of forms are released. TMS had approved use of "old" form because of that.
- b) Stand was an inclusion in a larger stand that was prescribed for harvest and not red-lined out.
- c) Timber sales were not in final version, had not been approved by TMS.

Corrective Action - Proposed corrective action - To be completed by the Unit and relevant Divisions.

- a) Newer version is being used at this time but there is not guarantee this or other forms will not change in mid process at a later date.
- b) Inclusions will be red-lined out.
- c) Final version of sales had justification approved by TMS.

Proposed Completion Date (mm/dd/yyyy)  
9/30/08

Pat Hallfrisch FMFM Unit Manager	9-26-08 Signature	Mike Paluda FMFM District Supervisor	10/10/08 Signature
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CORRECTIVE ACTION PLAN ACCEPTED	FC Specialist Acknowledgement: Dennis Nezich	Date 10/13/08
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Actual Completion Date (mm/dd/yyyy)	FMFM District Supervisor	Date
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FMFM Unit Manager	Signature	Date	FMFM District Supervisor	Signature	Date
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Follow Up Comments



Follow Up Comments

## Opportunities for improvement

- WI 1.1. The Michigan State Forest Management Plan (MSFMP) was approved on April 10, 2008, three months prior to the audit. Staff need to be familiar with the MSFMP and need to understand how key components of the plan may impact FMU operations.
- WI 1.5. It is recommended that the unit e-mail address be included as part of the Unit website to receive public comments. Someone should also be designated to periodically check that e-mail account.
- WI 2.3. Unit staff could use further training on identifying and monitoring invasive plant species.
- WI 3.2. It would be an improvement if the unit staff recorded the more significant illegal ORV damage sites on RDR forms. They are already recording GPS coordinates for these sites and reporting them to Law Division. Recording them in RDR database will provide a more comprehensive listing of these sites.
- WI 6.1. Informational signs to warn visitors to the Maxton Plains to stay on the roads would help reduce trafficking on the alvar off existing roads.

## **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 FMFM 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 FMFM District Supervisor with copy to FC Specialist and Lead Auditor.
5. The FMFM District Supervisor will review, support, and date the NCRs. The FMFM 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, 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.