

Michigan Department of Natural Resources 2009 Forest Certification Internal Audit Report Cadillac Forest Management Unit

Internal Audit Dates: May 27 – 29, 2009

Internal Audit Summary Date: Draft May 29, 2009

Lead Auditor: Kim Herman

Internal Auditors: Kerry Fitzpatrick, Steve Milford, Eric Thompson

Forest Certification Specialist: Dennis Nezich

INTRODUCTION:

The internal audit consisted of a day in-house to review office documents, a day in the field to observe field operations and a half day in-house to write findings and deliver a draft internal audit summary. Two internal audit routes were chosen in advance to observe field operations. One route began in Cadillac and went north towards Manton and west to Buckley. The other route began in Baldwin and went east to the Evert Block. The opening meeting was held at the Cadillac Operations Service Center starting 8:30 AM with the south route participants attending by speaker-phone from the Baldwin Field Office. Opening meeting participants included:

Cadillac OSC – Kim Herman, Eric Thompson, Dennis Nezich, Jim Malloy, David Fisher, Lily Zahor, Bill Sterrett, Ryan Mattila, Amanda Matelski, Tom Haxby, Michelle Wiegand, Larry Visser, Sue Sobieski, Andy Church.

Baldwin Field Office - Steve Milford, Kerry Fitzpatrick, Cheryl Nelson, Larry Smith, Jeff Autenrieth, Todd Neiss, Bryce Avery, Scott Throop, Tim Lyon, Roger Hoeksema.

Thanks to all staff for their time, consideration and dedication to the natural resources they manage.

Comments:

Areas where FMU exceeds expectations:

WI 1.4 Biodiversity Management on State Forest Lands

All staff questions were well-informed on biodiversity planning. Most were involved in some manner with the work of the core design team.

Fisheries Division involved extensively with assessing variance requests and monitoring of three Natural Rivers within the Cadillac FMU and Central Northern Lake Michigan Fisheries Management Unit.

WI 3.2 Best Management Practices – Non conformance Reporting

ORV Analyst working with unit staff to secure funding and implement actions to address resource damage. New trail permit database working well to obtain reviews by endangered species program and Dept. of History, Arts and Libraries.

WI 7.1.II Timber Sale Contract Inspection Process

Staff appear to be making regular site inspection visits, multiple loggers commented that staff was readily available for questions or issues.

WI 7.2. Legal Requirements 3.a

Staff was actively investigation illegal activities such as timber theft and illegal deer blinds on State lands.

WI 9.1. Collaboration with Tribes in Regard to State Forest Lands

Auditors observed there is ongoing, generally good communication between the tribes among all divisions.

Number of Major non-conformances: 3

Number of Minor non-conformances: 7

Opportunity for Improvement:

WI 1.4 II. Management Direction

1. Identified SCA's, HCVA's and ERAs will be managed to conserve, protect, maintain and/or enhance their defined conservation objectives or values.

Walton Marsh ERA Draft Plan was tabled in 2007 as part of Compartment Review and has not been addressed in the last YOE. No action reference email from Bill O'Neil to District Managers July 3, 2008

WI 3.1 Forest Operations

In several instances old versions of forms were used, auditors found outdated versions of Use Permits, Pre-Sale check lists, Resource Damage Reports, and Archeology forms being used rather than the most current versions.

WI 7.1.I Timber Sale Preparation, Pre-sale Checklist

Staff should use the pre-sale checklist more effectively to describe the retention being left on sales.

Many instances were found where the only comment was "thinning" which does not explain how the retention guidelines are being met.

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 the ten Internal Non-conformance Reports (NCRs) (form R 4502) are attached to this audit summary.



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

**INTERNAL AUDIT
NON CONFORMANCE REPORT**

Unit Name Cadillac Forest Management Unit		Site location Not applicable		Non Conformance Report Number (Unit Code - yyyy - #) 63-2009-1	
Lead Auditor Kim Herman		Team Member(s) Eric Thompson, Steve Milford, Kerry Fitzpatrick			
Date (mm/dd/yyyy) 05/29/2009		Work Instruction or Standard and Clause Number WI 1.2 Management Review Process for continual Improvement in Management of Forest Resources			
<input checked="" type="checkbox"/> Major <input type="checkbox"/> Minor		Other Documents (if applicable) Mgt. Review Report January 27, 2009		Responsible Manager(s) (Person identified by the internal audit team who implements the corrective action): Forest Certification Specialist	
Requirement of Audited Standard/ Work Instruction I.c. "Four FMUs per year will be audited."					
Observed Nonconformity Three internal audits are planned and scheduled for 2009.					
Root Cause Analysis (Describe the cause of the problem.) Prepared by: Dennis Nezich, 6/11/09 Michigan's economic downturn and the resulting DNR budgetary issues and DNR furlough days necessitated a reduction in the number of internal audits conducted this year in order to allow staff to accomplish core program objectives. The proposal to reduce the number of audits was supported by the FMFM Division Chief, and the FCT Executive Committee recommended cancellation of the Newberry internal audit.					
Corrective Action - Proposed corrective action - To be completed by the Unit and relevant Divisions. Prepared by: Dennis Nezich, 6/11/09 This issue will be addressed at the next DNR Management Review, and the Management Review Team will consider a proposal to revise Work Instruction 1.2 to allow greater flexibility to adjust the DNR internal audit schedule due to unanticipated situations and/or budgetary conditions.					
Proposed Completion Date (mm/dd/yyyy): Next Forest Certification Mgt Review, tentatively scheduled for January, 2010 Responsible Manager: D. Nezich 6/12/09 Signature Date					
Roger Hoeksema (acting)		electronic	8/24/09	Roger Hoeksema electronic 8/24/09	
FMFM Unit Manager		Signature	Date	FMFM Dist Supervisor Signature Date	
CORRECTIVE ACTION PLAN ACCEPTED Forest Cert Specialist: Dennis Nezich Date 9/1/09					
Actual Completion Date (mm/dd/yyyy) Responsible Manager: Date					
Verified by:			Verified by:		
Responsible Mgr Supervisor		Signature	Date	FMFM FC Specialist Signature Date	
Follow Up Comments					



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

**INTERNAL AUDIT
NON CONFORMANCE REPORT**

Unit Name Cadillac Forest Management Unit		Site location Not applicable		Non Conformance Report Number (Unit Code - yyyy - #) 63-2009- 2	
Lead Auditor Kim Herman		Team Member(s) Eric Thompson, Steve Milford, Kerry Fitzpatrick			
Date (mm/dd/yyyy) 05/29/2009		Work Instruction or Standard and Clause Number WI 1.2 Management Review Process for continual Improvement in Management of Forest Resources			
<input checked="" type="checkbox"/> Major <input type="checkbox"/> Minor		Other Documents (if applicable) Management Review Report (1-27-09)		Responsible Manager(s) (Person identified by the internal audit team who implements the corrective action): Forest Resource Mgt. Sect. Leader	
Requirement of Audited Standard/ Work Instruction 3.d. "changes and improvements approved by the Statewide Council are implemented . . ." Mgt. Review Report (January 27, 2009) II.4. "Ecoteam and SWC review and approval of Biodiversity Stewardship Areas: NLP by Sept. 2009"					
Observed Nonconformity Member of core design team stated that the BSA schedule was "overly optimistic" and likely to extend work several months beyond the scheduled due date. The Biodiversity & Conservation Program Leader stated that it was not reasonable to expect the scheduled collaborative process to be completed in four months. The program leader said that contingency plans to address this schedule short fall would be developed. No plan was available at closing of audit.					
Root Cause Analysis (Describe the cause of the problem.) Prepared by and date Tom Haxby, 6/17/2009 Preparation of GIS layers and potential biodiversity areas by the biodiversity assist team delayed appointment of the core design team (CDT) and once formed, the CDT took longer than expected to establish the collaborative structure and process needed to complete the task.					
Corrective Action - Proposed corrective action - To be completed by the Unit and relevant Divisions. Prepared by and date Tom Haxby, 6/17/2009 The CDT has adjusted their work priorities and meeting schedule to accelerate the process of Biodiversity Stewardship Area (BSA) recommendations. Current projections for completion allow sufficient time for incorporation of BSAs into the Regional State Forest Management Plan.					
Proposed Completion Date (mm/dd/yyyy) 7/30/2009, One month extension of current deadline for BSA Recommendations.					
		William Sterrett		electronic 6/17/2009	
		Responsible Manager		Signature Date	
Roger Hoeksema (acting)		electronic 8/20/09		Roger Hoeksema electronic 8/24/09	
FMFM Unit Manager		Signature Date		FMFM Dist Supervisor Signature Date	
CORRECTIVE ACTION PLAN ACCEPTED Forest Cert Specialist: Dennis Nezich Date 9/1/09					
Actual Completion Date (mm/dd/yyyy) Responsible Manager: Date					
Verified by:			Verified by:		
Responsible Mgr Supervisor		Signature	Date	FMFM FC Specialist	
				Signature Date	
Follow Up Comments					



**INTERNAL AUDIT
NON CONFORMANCE REPORT**

Unit Name Cadillac Forest Management Unit		Site location Well Site Surface Use Permits	Non Conformance Report Number (Unit Code - yyyy - #) 63-2009-5
Lead Auditor Kim Herman	Team Member(s) Eric Thompson, Steve Milford, Kerry Fitzpatrick		
Date (mm/dd/yyyy) 05/29/2009	Work Instruction or Standard and Clause Number 3.1 Forest Operations		
<input type="checkbox"/> Major <input checked="" type="checkbox"/> Minor	Other Documents (if applicable) Lease Info From Bill Sterrett	Responsible Manager(s) (Person identified by the internal audit team who implements the corrective action): Manager, Mineral and Land Management Section, FMFM	
Requirement of Audited Standard/ Work Instruction Operations on the State Forests lands will protect: <ul style="list-style-type: none"> • water-quality, • rare, threatened, and endangered species, • special (cultural, ecological, geological, and historic) sites, • Site productivity 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. Water quality: The operating division will be responsible for protecting water quality, and will document potential impacts as part of the operations approval process. Productivity: Forest Operations shall strive to maintain forest and soil productivity, and avoid excessive soil disturbance. Minimize the loss of soil and site productivity, and modify soil management techniques if soil degradation occurs.			
Observed Nonconformity Current land use rules and the Forest Certification intrusive activities approval procedure is not being implemented in the Norwich Gas Fields. The unit manager expressed concern in being unable to enforce land use rules in the Norwich Gas Fields for well's sites and pipe lines from the 1940's and 1950's due to language in the leases. The lease claims the company has the right to maintain, improve and/or alter the flow lines and facilities without easement requests and associated fees, therefore bypassing ability to approve and review. One example of resource degradation in the form of fragmentation occurred in an aspen stand where company refused to relocate the line. Unit Manager has sought assistance from the Mineral and Land Management Section staff.			
Root Cause Analysis (Describe the cause of the problem.) Prepared by: Tom Wellman, 8/12/09 As indicated this field pre-dates existing land use rules and pre-dates regulatory requirements for some pipeline installation requirements. A concern is the presence of flow lines placed above ground instead of buried underground. Further complicating the circumstances in this field is the fact that it is 95% on severed state surface. As the dominate estate, the mineral owner has the right to explore for and develop minerals pursuant to their lease provisions. As a result the state of Michigan is not a party to the lease provisions and has diminished rights to control activities on the surface. Aggravating the situation is that this field is no longer highly productive so there is a diminished incentive for the operator to upgrade the infrastructure. It is not clear to what extent the refusal to move a flow line resulted in resource degradation by causing fragmentation. It would seem this would be more of a management concern than causing discernable impacts by fragmentation.			
Corrective Action - Proposed corrective action - To be completed by the Unit and relevant Divisions. Prepared by: Tom Wellman 8/12/09 The circumstances at this site are relatively unique and present unique challenges. From a legal basis the State is not in a great position to compel the operator to move or bury flow lines. The operator cannot act with impunity toward the surface owner but compelling a change via legal challenges would be time consuming and of questionable outcome. I recommend discussing the matter with the operator, DNR, and perhaps DEQ representatives, emphasizing the reduction in risk to the operator if lines are installed below ground in less trafficked areas. This process has been somewhat successful in other old oil fields where practices were not up to modern standards.			

Proposed Completion Date 9/1/2010		Tom Wellman Responsible Manager		on file Signature	8/12/09 Date
Roger Hoeksema (acting)	electronic	8/20/09	Roger Hoeksema	electronic	8/24/09
FMFM Unit Manager	Signature	Date	FMFM Dist Supervisor	Signature	Date
CORRECTIVE ACTION PLAN ACCEPTED					
Forest Cert Specialist: Dennis Nezych					
Date: 9/1/09					
Actual Completion Date (mm/dd/yyyy)					
Responsible Manager:					
Date					
Verified by:			Verified by:		
Responsible Mgr Supervisor	Signature	Date	FMFM FC Specialist	Signature	Date
Follow Up Comments					



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

**INTERNAL AUDIT
NON CONFORMANCE REPORT**

Unit Name Cadillac Forest Management Unit		Site location Not Applicable		Non Conformance Report Number (Unit Code - yyyy - #) 63-2009-7	
Lead Auditor Kim Herman		Team Member(s) Eric Thompson, Steve Milford, Kerry Fitzpatrick			
Date (mm/dd/yyyy) 05/29/2009		Work Instruction or Standard and Clause Number WI 5.1 Coordinated Natural Resource Management Research			
<input type="checkbox"/> Major <input checked="" type="checkbox"/> Minor		Other Documents (if applicable)		Responsible Manager(s) (Person identified by the internal audit team who implements the corrective action): Forest Health, Inventory, and Monitoring Unit Manager	
Requirement of Audited Standard/ Work Instruction “ . . . annual Research Summary to be published by March 1 of each year.”					
Observed Nonconformity Summary has not been published as of closing of audit. Forest Health, Inventory, and Monitoring Unit Manager says the report should be completed by early June.					
Root Cause Analysis (Describe the cause of the problem.) Prepared by: Tom Haxby, 6/17/2009. Cooperating agencies were unable to supply information in a timely manner, in part due to schedule conflicts with preparation of federal stimulus proposals. Field units were also slow to supply the needed information. In April 2009, Division Research Coordinators agreed upon adopting a consistent reporting format and to adding more information to the standard report. These issues delayed the now completed posting of the research report until June of 2009.					
Corrective Action - Proposed corrective action - To be completed by the Unit and relevant Divisions. Prepared by: Tom Haxby, 6/17/2009 Division Research Coordinators have agreed to collect and format data throughout the year in a form that can be more quickly reported and meets the requirements of Work Instruction 5.1.					
Proposed Completion Date (mm/dd/yyyy) Completion of the FY 2009 report by the 3/1/2010 deadline as required by WI 5.1.					
		Ronald Murray		electronic	
		Responsible Manager		Signature	
				6/17/2009	
				Date	
Roger Hoeksema		electronic		8/20/09	
FMFM Unit Manager		Signature		Date	
Roger Hoeksema		electronic		8/24/09	
FMFM Dist Supervisor		Signature		Date	
CORRECTIVE ACTION PLAN ACCEPTED Forest Cert Specialist: Dennis Nezich Date 9/1/09					
Actual Completion Date (mm/dd/yyyy)					
Responsible Manager: Date					
Verified by:			Verified by:		
Responsible Mgr Supervisor		Signature		Date	
Responsible Mgr Supervisor		Signature		Date	
Follow Up Comments					



**INTERNAL AUDIT
NON CONFORMANCE REPORT**

Unit Name Cadillac Forest Management Unit		Site location Multiple		Non Conformance Report Number (Unit Code - yyyy - #) 63-2009-8	
Lead Auditor Kim Herman		Team Member(s) Eric Thompson, Steve Milford, Kerry Fitzpatrick			
Date (mm/dd/yyyy) 05/29/2009		Work Instruction or Standard and Clause Number 7.1 II b.) ii.) administration of safety			
<input type="checkbox"/> Major <input checked="" type="checkbox"/> Minor		Other Documents (if applicable)		Responsible Manager(s) (Person identified by the internal audit team who implements the corrective action): Wildlife Supervisor	
Requirement of Audited Standard/ Work Instruction Personal protective equipment must be properly used by all personnel, including DNR staff on State timber sales with open contracts.					
Observed Nonconformity Wildlife staff did not wear hard hats on sales with open contracts during the internal audit.					
Root Cause Analysis (Describe the cause of the problem.) Prepared by: Larry G. Visser, 9.2.2009 Personnel who are not involved in timber sale administration are expected to go to active timber sales on audits.					
Corrective Action - Proposed corrective action - To be completed by the Unit and relevant Divisions. Prepared by Larry G. Visser, 9.2.2009 WLD staff that visit areas under timber sale contract (for audits or for other reasons) shall wear required PPE.					
Proposed Completion Date (09/02/2009)					
		Larry G. Visser		on file 9.2.2009	
		Responsible Manager		Signature Date	
David Fisher		On file 9-2-09		Roger Hoeksema on file 9/8/09	
FMFM Unit Manager		Signature Date		FMFM Dist Signature Date	
				Supervisor	
CORRECTIVE ACTION PLAN ACCEPTED Forest Cert Specialist: Dennis Nezych Date 9/11/09					
Actual Completion Date (mm/dd/yyyy)					
Responsible Manager: Date					
Verified by:			Verified by:		
Responsible Mgr Supervisor		Signature Date		FMFM FC Specialist Signature Date	
Follow Up Comments					



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

**INTERNAL AUDIT
NON CONFORMANCE REPORT**

Unit Name Cadillac Forest Management Unit		Site location Not applicable		Non Conformance Report Number (Unit Code - yyyy - #) 63-2009-10	
Lead Auditor Kim Herman		Team Member(s) Eric Thompson, Steve Milford, Kerry Fitzpatrick			
Date (mm/dd/yyyy) 05/29/2009		Work Instruction or Standard and Clause Number WI 8.1 Michigan Department of Natural Resources Staff Training for State Forest Management			
<input type="checkbox"/> Major <input checked="" type="checkbox"/> Minor		Other Documents (if applicable)		Responsible Manager(s) (Person identified by the internal audit team who implements the corrective action): All Division Training Officers	
Requirement of Audited Standard/ Work Instruction “. . . notify training officer of completed training. “					
Observed Nonconformity One FMFM staff and one WLD staff had training records that were not up to date. One WLD staff was not aware of the existence of the training record. Staff are also uncertain as what levels of training need to be reported and how the records are to be reported.					
Root Cause Analysis (Describe the cause of the problem.) Prepared by and date: Dennis Nezich, 6/11/09 Guidance is needed for staff in regard to how often training records must be updated, who should be responsible for reporting group training involving multiple Divisions, and on how to determine what types or levels of training and/or refreshers require reporting to Division Training officers.					
Corrective Action - Proposed corrective action - To be completed by the Unit and relevant Divisions. Prepared by and date: Dennis Nezich, 6/11/09 On 5/5/09 the Statewide Council approved a recommendation from the January, 2009 Management Review that the Departments Training Advisory Team (TAT) revisit Forest Certification Work Instruction 8.1 to resolve non-conformances between with actual processes used by various DNR Divisions related to staff training and the work instruction itself. It was decided that the TAT, in coordination with the FCT, may be the most logical group to redraft the WI, and the training officers/coordinators would be the best individuals to redraft their respective division's training procedures (if necessary). It was agreed that the FCT will work in conjunction with the TAT to redraft WI 8.1. The Management Review Recommendation from Jan, 2009 and this current NCR will be addressed by the TAT in 2009. The TAT will place this issue on their meeting agenda.					
Proposed Completion Date (mm/dd/yyyy): December , 2009					
Forest Certification Specialist and the TAT Responsible Manager		Dennis Nezich Signature		9/2/09 Date	
Roger Hoeksema (acting)	electronic	8/20/09	Roger Hoeksema	electronic	8/24/09
FMFM Unit Manager	Signature	Date	FMFM Dist Supervisor	Signature	Date
CORRECTIVE ACTION PLAN ACCEPTED					
Forest Cert Specialist: Dennis Nezich Date: 9/15/09					
Actual Completion Date (mm/dd/yyyy)					
Responsible Manager:					
Date					
Verified by:			Verified by:		
Responsible Mgr Supervisor	Signature	Date	FMFM FC Specialist	Signature	Date
Follow Up Comments					