

2015 Theme Audit

Work Instruction 7.1 – Timber Sale Preparation and Administration Procedure

Introduction

A review of the internal audit procedure was carried out after the audits in 2014 and a number of changes were recommended to improve implementation. One of the recommendations was to add a theme audit that would address one or more themes and would be carried out on all 15 management units in a given year. The Forest Certification Team was assigned the task of identifying the theme or themes that would be the focus of the theme audit in any given year. After some discussion of several potential themes, it was decided to focus the 2015 theme on the timber sale preparation and administration documentation. Part of the reason behind this selection was to follow up on recommended improvements to the procedure from an external audit of timber sale administration. We wanted a more detailed assessment of field compliance with respect to the required documentation. As a first and trial audit, the Forest Certification Team recommended using only one theme for 2015.

Methods

The audit was assigned to Scott Jones, Certification Planning Specialist, Lansing; Donovan Asselin, Forester, Lansing; and Steve Eisele, Forest Technician, Cadillac.

Donovan Asselin randomly selected ten sales from the last five years that had been completed for each of the forest management units that did not receive the full internal audit in 2015 (Atlanta, Baraga and Cadillac). Scott Jones then requested that the unit administrative staff copy or scan the Timber Sale Proposal Checklist (R4031-6), all Timber Sale Contract Field Inspection Reports (R4050) and the Forest Treatment Completion Report (R4048-1) for each identified sale. There was some minor confusion over this request and most of the units supplied copies of the Timber Sale Completion Report. Some units did not supply this form since it was not explicitly asked for in the original request, but did supply R4048-1 forms when indeed there was one. The missing Timber Sale Completion Reports were accessed through the T-Sale database.

Once the paperwork had been received, Scott Jones and Steve Eisele reviewed and assessed all the documents for completeness and summarized the results in a spreadsheet.

The summarized results were presented to the members of the Management Review Team and were discussed at the Management Review meeting on February 18th, 2016. The Management Review Team recommended a summary report and the assignment, where warranted, of opportunities

for improvement and non-conformances similar to the handling of findings in the regular internal audits.

Results

Information for 120 sales should have been submitted for the theme audit. In the end, one unit submitted only partial information for one sale and no information for two sales, so the sample size ended up being 118 sales.

Timber Sale Completion Reports

These reports were well done across the board and there were only five minor problems. There were four instances where a Status 2 code was not accompanied by the required timber description and one instance where the bond was less than the 5% minimum of the appraised timber value.

Table 1 summarizes these shortcomings.

Table 1: Shortcomings on the Timber Sale Completion Reports found in the 2015 theme audit of timber sale documentation in Michigan.

Management Unit	Timber Sale Number	Status	Bond Value	Proportion of Appraised Value	Timber Description
Gaylord	521010901	2	\$4,500	5.30%	None
Sault Ste. Marie	450091001	2	\$1,800	5.20%	None
Gwinn	320070901	1	\$826	2.10%	None Needed
Pigeon River Country	530221001	2	\$6,000	23.70%	None
Grayling	726141101	2	\$1,000	13.60%	None

Timber Sale Contract - Field Inspection Form

There were eight sales for which there was no information that would suggest that there was a pre-sale meeting. There were 10 other sales for which there were pre-sale meetings held, but no date was recorded. On those sales for which a meeting type was listed, 75 were on-site, 27 were by telephone and six were held in the office. In 92 cases the meeting was attended by the certified logger. In 14 cases the logger did not attend the pre-sale meeting and there were 12 cases where it was unknown if the logger attended or not.

Recognizing that the status of continuing logger education may have been different at the time that the Field Inspection Form page was completed, the current status of the loggers was checked by the auditors using the SFI Continuing Education database (www.SFImi.org). The results of this check

are shown in Table 3. The fact that 26 of the loggers were not found in the system is probably the most important take home message in this data.

Table 3: Status of logger training and continuing education credits found in the 2015 theme audit of timber sale documentation in Michigan.

Status of Logger Continuing Education Credits			Logger is Not in the System	Logger Not Identified
Green (Up-to-Date)	Yellow (Out-of-Date)	Red (Expired)		
36	35	7	26	14

The next part of the Field Inspection Form deals with the inspection notes over the life of the sale. On the first page there is a list of items to look for that could develop issues and these items are to be checked if an inspection finds them to be unacceptable. Only 22 of the 118 sales examined used this list and all examples had explanatory notes and clear resolution to the issues identified. All but six sales had inspection notes with 12 being poor in terms of the desired periodicity of one inspection per week. The rest of the sale notes (100) were good or had only a few gaps in the coverage that were not explained in the notes. All 118 sales audited had been assigned a closure date.

The Field Inspection Form (R4050) is a two page form with a one page optional form (R4050-1) if more space for inspection notes is required. Both forms have an electronic version as well (R4050E and R4050-1E). Page 2 of form R4050 should be included in all documentation as it has the spaces for indicating the payment unit closure or completion dates. Completing this section of the R4050 is required by Work Instruction 7.1. A review of the 118 sales submitted showed that for 49 sales (41.5%) the information regarding closure dates for payment units was incomplete.

T-Sale Proposal Checklist

The auditors were able to examine T-Sale Proposal Checklists for 112 of the 118 sale documents that were submitted. Of these two were not signed by the unit manager and one was incomplete (the last few pages were missing). A total of 97 checklists were completed with comments that greatly assisted in the interpretation of what was planned and what had been examined leaving 15 with no comments to examine.

In terms of potential issues gleaned from the checklists, retention seemed to be far and away to have the most uncertainty as 32 examples were found where retention was described in vague terms, it was not prescribed at all or seemed to be questionable in terms of meeting the guidelines. In three cases the RTE species was not chosen and/or no RTE specs were chosen. There were eight sales that

suggested a follow-up FTP; however we had no means of knowing if they had ever been carried out and no completion reports were submitted.

There were a few instances where old forms were used, but this was seen as very minor in this sample of sales.

Opportunities for Improvement

Theme Audit OFI-1 WI 7.1 Timber Sale Preparation and Administration Procedures

Units should ensure that the required timber description is included when the Timber Sale Completion Report has a Status 2 code. This opportunity for improvement applies specifically to the Gaylord (T-Sale 521010901), Sault Ste. Marie (T-Sale 450091001), Pigeon River Country (T-Sale 530221001) and Grayling (T-Sale 726141101) forest management units.

Theme Audit OFI-2 WI 7.1 Timber Sale Preparation and Administration Procedures

Units should ensure that the bond value for a timber sale meets the minimum requirement of 5% of the appraised timber value. This opportunity for improvement applies specifically to the Gwinn Forest Management Unit (T-Sale 320070901).

Theme Audit OFI-3 WI 7.1 Timber Sale Preparation and Administration Procedures

Units should ensure that details with respect to the pre-sale meetings are entered in the appropriate space on the Field Inspection Report. There were 10 sales for which the pre-sale meeting date was not recorded. This opportunity for improvement applies specifically to the Gaylord (T-Sale 531370901), Sault Ste. Marie (T-Sale 451050701), Gladwin (T-Sale 730270801), Pigeon River Country (T-Sale 530100901), Grayling (T-Sale 726091101) and Newberry (T-Sale 420141201) forest management units.

Theme Audit OFI-4 WI 7.1 Timber Sale Preparation and Administration Procedures

Units should ensure that Timber Sale documentation is complete for all sales using the correct and current forms. Gladwin sale 730181001 had an incomplete checklist; Sault Ste. Marie sale 450010901 had no checklist and sale 451130901 had the wrong inspection forms; and the Pigeon River Country sales 530051101 and 530041001 had wrong and incomplete inspection forms. Shingleton had three sales (410081401, 410121201 and 410151301) that could and should have used a more current version of form R4050.

Theme Audit OFI-5 WI 7.1 Timber Sale Preparation and Administration Procedures

All forest management units should ensure that the required information is entered on the Field Inspection Form and that it is legible. People's names should also be complete.

Theme Audit OFI-6 WI 7.1 Timber Sale Preparation and Administration Procedures

Field staff should ensure that field inspections be carried out on a regular basis (recommended to be once per week when the sale is active) and that the notes should be entered on the Field Inspection Form in a legible fashion and tell the complete story of the harvest operation.

Non-Conformances

There were two minor non-conformances and two multi-unit non-conformances issued as a result of this theme audit. The non-conformances are detailed on the following non-conformance forms.



Michigan Department of Natural Resources - Forest Resources Division

2015 INTERNAL THEME AUDIT NON-CONFORMANCE REPORT

Unit Name: Traverse City Forest Management Unit		Site location: Various Timber Sale Documents	Non-Conformance Report Number: TA-2015-1
Lead Auditor: Scott Jones	Team Members: Steve Eisele, Donovan Asselin		
Date: March 11, 2016	Work Instruction or Standard and Clause Number: 7.1 Timber Sale Preparation and Administration Procedures		
<input type="checkbox"/> Major <input checked="" type="checkbox"/> X - Minor	Other Documents (if applicable):	Responsible Manager: Dave Lemmien, Traverse City Forest Management Unit, Manager	
Requirement of Audited Standard/Work Instruction: 2.a Pre-Sale Meeting: Conduct a pre-sale meeting with the stumpage purchaser and/or logging crew to review provisions of the contract and to discuss any special features that require care or attention. Use Form R-4050 to: 1) Record pre-sale meeting date, attendance and method (on-site or telephone).			
Observed Non-conformity: Four of the ten sales audited (T-Sales 610101001, 610271001, 61100101 and 610900901) did not have the pre-sale meeting date included on the front page of the Field Inspection Form (R-4050).			
Root Cause Analysis: Forester failed to enter the date of the pre-sale conference on the field inspection form.			
Prepared by and date: Dave Lemmien July 26 th , 2016			
Corrective Action: Form R4050 has been modified and the instructions for use are now part of the form. Also, unit mangers and field staff involved with timber sales have been informed through two conference calls that the new forms are now available for use and that the pre-sale meeting date, SFI Qualified Logger's name and verification of his training status and continuing education credits is to be filled in at the top of page one in order to comply with the direction in Work Instruction 7.1. The training sessions were provided to staff on April 12 and April 19.			
Prepared by and date: Scott Jones April 25 th , 2016.			

Michigan Internal Theme Audit | 2015

Date: March 11, 2016	Work Instruction or Standard and Clause Number: 7.1 Timber Sale Preparation and Administration Procedures		
<input type="checkbox"/> Major <input checked="" type="checkbox"/> X - Minor	Other Documents (if applicable):	Responsible Manager: Dan McNamee, Crystal Falls Forest Management Unit, Unit Manager	
Requirement of Audited Standard/Work Instruction: 2.b Ongoing Inspections: A record of all timber sale inspections, site visits, telephone conversations and other related observations and notes will be kept on a Timber Sale Contract Field Inspection Report, R-4050 or R-4050-1.			
Observed Non-conformity: There were no T-Sale forms/data submitted for two of the requested sales (T-Sale 120541101 and T-Sale 120611201) and incomplete forms/data forms for two sales (T-Sale 120701101 and T-Sale 120721001) had pages missing from the record.			
Root Cause Analysis:			
Prepared by and date:			
Corrective Action:			
Prepared by and date:			
Proposed Completion Date:			
Responsible Manager: Dan McNamee			
Responsible Manager Signature		Date	
<u>Dan McNamee</u> Forest Resources Division Signature Date Unit Manager		<u>Don Mankee</u> Forest Resources Division District Signature Supervisor	
CORRECTIVE ACTION PLAN ACCEPTED			
Forest Certification Specialist: Scott Jones			
Date:			
<hr/> <hr/>			
Actual Completion Date:			
Responsible Manager: Dan McNamee			
Date:			
Verified by: <u>Don Mankee</u> Responsible Manager Supervisor Signature Date		Closed by: <u>Scott Jones</u> Forest Resources Division Signature Date Forest Certification Specialist	

Follow Up Comments

Multi-Unit Non-Conformances:



Michigan Department of Natural Resources - Forest Resources Division

2015 INTERNAL THEME AUDIT NON-CONFORMANCE REPORT

Unit Name: Gaylord, Sault Ste. Marie, Gladwin, Pigeon River Country and Newberry Forest Management Units	Site location: Timber Sale Documents	Non-Conformance Report Number: TAMUNCR-2015-3
Lead Auditor: Scott Jones	Team Members: Steve Eisele, Donovan Asselin	
Date: March 11, 2016	Work Instruction or Standard and Clause Number: 7.1 Timber Sale Preparation and Administration Procedures	
<input type="checkbox"/> Major <input checked="" type="checkbox"/> Multi-Unit	Other Documents (if applicable):	Responsible Managers: Dennis Nezich, Forest Resources Division Field Coordinator for: <ol style="list-style-type: none"> 1. Joyce Angel, Gaylord Forest Management Unit, Manager 2. Karen Rodock, Sault Ste. Marie Forest Management Unit, Manager 3. Pat Mohny, Gladwin Forest Management Unit, Acting Manager 4. Scott Whitcomb, Pigeon River Country Forest Management Unit, Manager 5. Keith Magnusson, Newberry Forest Management Unit, Manager
Requirement of Audited Standard/Work Instruction: 2.a Pre-Sale Meeting: Conduct a pre-sale meeting with the stumpage purchaser and/or logging crew to review provisions of the contract and to discuss any special features that require care or attention. Use Form R-4050 to: 1) Record pre-sale meeting date, attendance and method (on-site or telephone). <ol style="list-style-type: none"> 1) Record pre-sale meeting date, attendance and method 2) Record name of SFE trained foreman and verification of core training 3) Document any special features that require care or attention and any specific conditions not covered in the timber sale contract such as initial access requirements or landings. 		

Observed Non-conformity:

1. Four of ten sales audited (T-Sales 521010901, 521181101, 521051001 and 521291202) had no information recorded on the front page of the Field Inspection Form (R-4050) regarding the pre-sale meeting, the logger or the logger's education status. In addition, T-Sale 521291202 had no inspection notes and no checklist submitted.
2. One of the audited sales (T-Sales 451030901) had no information recorded on the front page of the Field Inspection Form (R-4050) regarding the pre-sale meeting, the logger or the logger's education status.
3. Four of ten sales audited (T-Sales 730140601) had no information recorded on the front page of the Field Inspection Form (R-4050) regarding the pre-sale meeting, the logger or the logger's education status.
4. Four of ten sales audited (T-Sales 530050801) had no information recorded on the front page of the Field Inspection Form (R-4050) regarding the pre-sale meeting, the logger or the logger's education status.
5. Four of ten sales audited (T-Sales 420240801) had no information recorded on the front page of the Field Inspection Form (R-4050) regarding the pre-sale meeting, the logger or the logger's education status.

Root Cause Analysis :

No excuse for not recording the pre-sale meeting, this is something staff neglected to do. In regard to logger education status, once staff made an initial checks to verify core training, many did not feel it needed to be checked and repeatedly recorded for previously verified individuals. Additionally, the SFE training data base was not up to date, and was considered unreliable. Regardless, the SFE (core) trained foreman should have been recorded and staff either neglected to do so, or did not understand the work instruction requirement to do this for every timber sale contract.

Prepared by and date: Dennis Nezich August 1st, 2016.

Corrective Action :

Form R4050 has been modified and the instructions for use are now part of the form. Also, unit mangers and field staff involved with timber sales have been informed through two conference calls that the new forms are now available for use and that the pre-sale meeting date, SFI Qualified Logger's name and verification of his training status and continuing education credits is to be filled in at the top of page one in order to comply with the direction in Work Instruction 7.1. The training sessions were provided to staff on April 12 and April 19.

Prepared by and date: Scott Jones April 25th

Proposed Completion Date: May 15th, 2016

Responsible Manager: Dennis Nezich

Responsible Manager Signature Electronic Date August 1st, 2016

Dennis Nezich Electronic August 1 st , 2016 <hr style="border: 0.5px solid black;"/> Forest Resources Division Signature Date Field Coordinator	Debbie Begalle Electronic August 1 st , 2016 <hr style="border: 0.5px solid black;"/> Forest Resources Division Signature Date Acting Chief
--	--

CORRECTIVE ACTION PLAN ACCEPTED

Forest Certification Specialist: Scott Jones

Date: March 15th, 2016

Actual Completion Date: August 1 st , 2016. Responsible Manager: Dennis Nezich Date: August 1 st , 2016													
Verified by: <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 33%; border-bottom: 1px solid black;">Debbie Begalle</td> <td style="width: 33%; border-bottom: 1px solid black;">Electronic</td> <td style="width: 33%; border-bottom: 1px solid black;">August 1st, 2016</td> </tr> <tr> <td style="font-size: small;">Responsible Manager Supervisor</td> <td style="font-size: small;">Signature</td> <td style="font-size: small;">Date</td> </tr> </table>	Debbie Begalle	Electronic	August 1 st , 2016	Responsible Manager Supervisor	Signature	Date	Closed by: <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%; border-bottom: 1px solid black;"><i>Scott Jones</i></td> <td style="width: 40%; border-bottom: 1px solid black;">August 1st, 2016</td> </tr> <tr> <td style="font-size: small;">Scott Jones</td> <td style="font-size: small;">Signature Date</td> </tr> <tr> <td style="font-size: small;">Forest Resources Division</td> <td style="font-size: small;">Forest Certification Specialist</td> </tr> </table>	<i>Scott Jones</i>	August 1 st , 2016	Scott Jones	Signature Date	Forest Resources Division	Forest Certification Specialist
Debbie Begalle	Electronic	August 1 st , 2016											
Responsible Manager Supervisor	Signature	Date											
<i>Scott Jones</i>	August 1 st , 2016												
Scott Jones	Signature Date												
Forest Resources Division	Forest Certification Specialist												
Follow Up Comments													



Michigan Department of Natural Resources - Forest Resources Division

2015 INTERNAL AUDIT NON-CONFORMANCE REPORT

Unit Name: Crystal Falls, Escanaba, Gaylord, Gladwin, Grayling, Gwinn, Newberry, Pigeon River Country, Roscommon, Sault Ste. Marie and Traverse City Forest Management Units	Site location: Timber Sale Documents	Non-Conformance Report Number: TAMUNCR-2015-4
Lead Auditor: Scott Jones	Team Members: Steve Eisele, Donovan Asselin	
Date: March 16, 2016	Work Instruction or Standard and Clause Number: 7.1 Timber Sale Preparation and Administration Procedures	

<input type="checkbox"/> Major <input checked="" type="checkbox"/> Multi-Unit	Other Documents (if applicable):	Responsible Manager: Dennis Nezich, Forest Resources Division, Field Coordinator for: <ol style="list-style-type: none"> 1. Ben Wiese, Crystal Falls Forest Management Unit, Manager 2. Eric Thompson, Escanaba Forest Management Unit, Manager 3. Joyce Angel, Gaylord Forest Management Unit, Manager 4. Pat Mohny, Gladwin Forest Management Unit, Manager 5. Susan Thiel, Grayling Forest Management Unit, Manager 6. Tom Seablom, Gwinn Forest Management Unit, Manager 7. Keith Magnusson, Newberry Forest Management Unit, Manager 8. Scott Whitcomb, Pigeon River Country Forest Management Unit, Manager 9. Steve Anderson, Roscommon Forest Management Unit, Manager 10. Karen Rodock, Sault Ste. Marie Forest Management Unit, Manager 11. Dave Lemmien, Traverse City Forest Management Unit, Manager
Requirement of Audited Standard/Work Instruction: 2b-2: Ongoing Inspections: A record of all timber sale, site visits, telephone conversations and other related observations and notes will be kept on a Timber Sale Contract Field Inspection Form, R4050 or R4050-1 (if additional space is needed). At a minimum, documentation should include: 2) Payment unit start/finish dates.		
Observed Non-conformity: The required payment unit information was incomplete for the following sales: <ol style="list-style-type: none"> 1. Crystal Falls: 120631001, 120660901, 120701101 and 120741201. 2. Escanaba: 330041101, 330021001, 330300801 and 330070901. 3. Gaylord: 521370901, 521291201, 521181101, 520051001, 521231001, 521251201, 520230801, 521400901 and 520270901. 4. Gladwin: 730181001, 730081101, 730190901 and 730121401. 5. Grayling: 720171101, 726091101, 726201001, 720350801, 726141101, 720441001, 726051101, 720331001 and 726221101. 6. Gwinn: 320070901, 320091101, 320110901, 321081101, 320041301 and 320060801. 7. Newberry: 420240801. 8. Pigeon River Country: 530041001, 530050801 and 530011101. 9. Roscommon: 710490801. 10. Sault Ste. Marie: 451050701 and 451071001. 11. Traverse City: 610401001, 610741201, 610451201, 610041201 and 610271001. 		
Root Cause Analysis: The requirement to record payment unit start and finish dates was not specified in work instructions until April 2010. Many staff were not fully aware of the requirement, indicating a communication issue. The need to record payment unit start and finish dates was not adequately monitored by unit managers. Prepared by and date: Dennis Nezich August 1 st , 2016.		
Corrective Action: Form R4050 has been modified and the instructions for use are now part of the form. Also, unit managers and field staff involved with timber sales have been informed through two conference calls that the new forms are now available for use and that the payment unit closure dates are to be entered in the appropriate boxes at the top of page two in order to comply with the direction in Work Instruction 7.1. The training sessions were provided to staff on April 12 and April 19. Prepared by and date: Scott Jones April 25 th , 2016		

